



# DESTINATION MEDICAL CENTER CORPORATION (DMCC)

## BOARD MEETING

9:30 A.M. THURSDAY, APRIL 30, 2015

MAYO CIVC CENTER – Presentation Hall



# DESTINATION MEDICAL CENTER CORPORATION (DMCC)

## BOARD MEETING

Thursday, April 30, 2015

9:30 A.M.

### AGENDA

- I. Call to Order
- II. Roll Call
- III. Approval of Agenda
- IV. Approval of Minutes: Meetings of March 26, 2015
- V. Public Comment Period
- VI. Chair's Report
  - A. April 1 Report to Legislature
  - B. IRS Determination of Tax Exemption
- VII. DMCC 2015 Budget: Year to Date Update
- VIII. Conflict of Interest Policy
  - Resolution A: Adopting Conflict of Interest Policy
- IX. Response for Proposals: Auditing Services
  - Resolution B: Approving the Selection of Auditor
- X. Economic Development Agency
  - A. Update
  - B. Revised 2015 EDA Budget and Work Plan
    - Resolution C: Approving Revised 2015 EDA Budget and Workplan
- XI. City of Rochester
  - A. Update
  - B. Chateau Theater
    - Resolution D: Approving the Acquisition of the Chateau Theater Building
  - C. Broadway at Center Project
    - Resolution E: Approving the Broadway at Center Project
- XII. Meeting Schedule
  - A. Next Regular Meeting: Thursday, May 28, 2015, at 9:30 a.m.
- XIII. Adjournment

**DESTINATION MEDICAL CENTER CORPORATION  
BOARD OF DIRECTORS**

MINUTES  
March 26, 2015

- I. Call to Order. Chair Tina Smith called the meeting to order at 9:35 a.m. at the Mayo Civic Center, Legion Suite, located at 30 Civic Center Drive SE, Rochester, MN 55904.
- II. Roll Call. In attendance were Chair Tina Smith, Bill George, Commissioner Jim Bier, Mayor Ardell Brede, City Council Member Ed Hruska, and Jim Campbell.
- III. Approval of Agenda. Commissioner Bier moved approval. Council Member Hruska seconded.  
  
Ayes (6), Nays (0), Motion carried.
- IV. Approval of Minutes. Chair Smith requested approval of minutes from the meeting held on February 29, 2015. Mayor Brede noted one correction. Commissioner Bier moved approval as amended. Council Member Hruska seconded.  
  
Ayes (6), Nays (0), Motion carried.
- V. Public Comment Period. Chair Smith invited members of the community to provide comments.  
  
David Beal submitted a letter of recommendations for the DMC Development Plan from the Public Health Services Advisory Board.  
  
Tia Calvert, Rochester resident, commented on making Rochester an exciting place to live and work and how the DMC initiative has sparked her enthusiasm for the community.  
  
Nancy Slocum, Rochester resident, commented on the importance of historic preservation and her concerns about the Development Plan accepting the findings of the 106 Report.  
  
Dwayne Saulk, a member of the local Realtors Association and Chamber of Commerce, expressed excitement about the structure of responsiveness, creating a public face for communication, and the comprehensiveness of public and private partnerships.  
  
Richard Olen commented on the DMC Transportation Plan revolutionizing transit for the 21<sup>st</sup> century, and stated that proper due diligence must be conducted on ridership.
- VI. Chair's Report. Chair Smith provided a report to the Board on the following:  
  
Chair Smith congratulated the City on its announcement of the proposed acquisition of the Chateau Theater, and for the Civic Center groundbreaking. She also noted the action by the City to adopt the Development Plan on March 23, 2015.  
  
Chair Smith reported that an RFP has been issued for professional audit services for the DMCC and EDA.  
  
The DMCC public hearing on the Development Plan will be held April 23, 2015 at 5:30 pm.
- VII. DMCC Budget. Chair Smith asked for comments or questions regarding the DMCC and EDA financials. Council Member Hruska asked for a detailed breakout to understand contract extensions and close out of the 2014 budget. Mr. Campbell requested information on substantial deviations from the budget.

- VIII. Resolution A: Authorizing Chair or Treasurer to Execute April 1 Report to DEED: Chair Smith invited the EDA to review the submittal of the report to the Department of Employment and Economic Development pursuant to statute. Doug Holton reviewed the Mayo Clinic expenditures being reported for 2014. Chair Smith then asked for a motion to execute the report to be submitted to DEED by April 1, 2015. Mr. George moved approval. Mayor Brede seconded.

Ayes (6), Nays (0), Motion carried.

- IX. Economic Development Agency. Chair Smith invited Lisa Clarke, Interim EDA Executive Director, and Jeff Bolton, EDA Board Chair, to present the report. Mr. Bolton commented on his appreciation for the public support at the March 23<sup>rd</sup> City Council meeting and stated he was happy to see Common Council approval of the DMC Development Plan. The EDA is focusing on catalyzing the Discovery Square, Heart of the City, and transportation initiatives. EDA continues to work closely with the City to create an efficient process. Mr. Bolton expressed Mayo Clinic's commitment to the Destination Medical Center initiative and that Mayo is prepared to deliver on the vision and the capital investments required. Ms. Clarke said the EDA is proceeding to move forward with the work plan and staffing plan. She also spoke of the coordination and collaboration efforts on the workforce development groups, city coordination with the comprehensive plan, application process, and transportation planning. She said the communication plan is proceeding as planned.
- X. City of Rochester Update: Chair Smith invited Council President Randy Staver to present the City of Rochester update. President Staver reported that the DMC Development Plan was presented to the Common Council and received unanimous approval. The Common Council also approved the 0.25% sales tax increase to help support funding obligations for the City of Rochester contribution to the DMC.
- XI. Next Meeting. A special meeting and public hearing on the Development Plan is scheduled for Thursday April 23, 2015 at the Civic Center at 5:30 p.m. The next regular DMCC Board meeting will be held on Thursday, April 30, 2015 at the Civic Center at 9:30 a.m.
- XII. Adjournment. Chair Smith requested a motion to adjourn the March 26, 2015 meeting. Mr. George moved to adjourn the meeting at 10:36 a.m. Commissioner Bier seconded.

Ayes (6), Nays (0), Motion carried.





200 First Street SW  
Rochester, Minnesota 55905  
507-284-2511

March 31, 2015

Katie Clark Sieben  
Commissioner  
Minnesota Department of Employment and Economic Development  
1st National Bank Building  
332 Minnesota Street, Suite E-200  
Saint Paul, MN, 55101-1351

Dear Commissioner Sieben:

Attached with this letter is Mayo Clinic's certification of qualified expenditures of the medical business entity for the Destination Medical Center (DMC) initiative for the period starting January 1, 2014 and ending December 31, 2014. The amount of qualified investment for this report is approximately \$39 million.

Overall, Mayo Clinic expended more than \$230 million on capital projects and equipment in Rochester in calendar year 2014. Major projects contributing to it include: Saint Marys Mary Brigh East Bed Tower and addition to Superior Drive Support Center. Mayo Clinic is taking a conservative approach when counting eligible investments and expenditures for purposes of meeting the DMC investment thresholds.

We look forward to working with the State of Minnesota, City of Rochester, Olmsted County and other stakeholders to strengthen our economy and further strengthen Minnesota's position as the world's premiere destination medical center.

Thank you.

Sincerely,

A handwritten signature in black ink, appearing to read "Jeffrey W. Bolton".

Jeffrey W. Bolton  
Mayo Clinic  
Vice President, Administration

cc: Kevin McKinnon, Deputy Commissioner Economic Development,  
Minnesota Department of Employment and Economic Development

## Certification of Expenditures Destination Medical Center

For Calendar Year 2014

Due to Commissioner of Employment and Economic Development (DEED) by April 1

Pursuant to Minnesota Statutes, Section 469.47, the Medical Business Entity and the Destination Medical Center Corporation (DMCC) Board of Directors (assisted by the City of Rochester) respectively submit to the Department of Employment and Economic Development (DEED) the following expenditures that relate to the Destination Medical Center (DMC) Development for the calendar year 2014, and the information required to support the approved methodology provided in the City of Rochester/Commissioner of Employment and Economic Development State Infrastructure Aid Agreement (State Infrastructure Aid Agreement).

### Expenditures Reported This Year

Total Expenditure Reported This Year by Medical Business Entity<sup>1</sup>

\$39,254,146

Total Expenditure Reported This Year for individuals and other private entities<sup>1,2</sup>

\$0

TOTAL Expenditures This Year

\$39,254,146

### Cumulative Expenditures

Cumulative Previous Expenditures

\$6,956,469

Previous Qualified Expenditures (minus \$200,000,000 Required Initial Investment)

(\$193,043,531)

TOTAL Expenditures This Year (from above)

\$39,254,146

Cumulative Qualified Expenditures as of 12/31/14

(\$153,789,385)

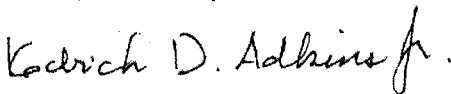
**State Aid Qualified for this Year** (local government match also required)

General State Infrastructure Aid Qualified for (Cum. Qual. Exp. multiplied by .0275)

State Transit Aid Qualified for (multiplied by .0075)

By providing my signature below, I certify that the information state herein, to the best of my knowledge, is accurate, true, and complies with the provisions of Minnesota Statutes, Section 469.47 and the approved methodology as outlined in the State Infrastructure Aid Agreement.

**For Expenditures by the Medical Business Entity:**



Mayo Clinic Chief Financial Officer



Date

**For all other Expenditures:**



DMCC Treasurer



Date

<sup>1</sup> Expenditures need to be after June 30, 2013

<sup>2</sup> Other Private Entities' certification of expenses may be certified retroactively in 2015 after the DMC District and plan are adopted.

TO: Jim Bier, Treasurer

Kathleen Lamb, Atty

FR: Dale Martinson, Assistant Treasurer

Date: April 23, 2015

RE: March Financial Summary

The attached financial summary for March again reflects primarily the close-out of the contracts on the plan development phase. The small DMCC expense is simply the bank fees. You will also see, in the bottom section, the next payment to the DMC EDA through the master application process (MAP) for further consultant work on the plan approval process. The net remaining contract commitments for the plan creation is down to \$148,530.

Please also note at the bottom of the chart the reduction from the prior month in the DMCC working capital note from \$3,000 to \$1,000. We have found through experience that we do not need the full initial amount set up.

At the prior meeting, Board Member Ed Hruska asked for an update of the contract amendments occurring since January 1, 2015. I have met with the EDA Treasurer, Brad Schmidt and we are still in the process of separating out the contract commitments at year-end 2014, amendments to those contracts after year-end and the expenditures after year end relating to each. We believe this ultimately will result in a requesting a 2015 budget amendment from the both DMCC Board and Rochester City Council.

We believe we have both a) the calendar year operating budget, and b) what is more along the lines of a "project budget" for the creation and adoption of "The Plan." We believe it is appropriate to treat the budget for the latter as one that crosses years just as the eventual CIP budget for each approved project will span multiple years. The carry over amount could be fully encumbered from the 2014 budget to 2015.

The language in the City/DMCC agreement, however, clearly speaks to a "calendar year budget" and we do not yet have a CIP budget so we believe an amendment will be in order. The 2014 encumbered budget amount will be close to the carry-forward and additional contract commitments noted on the report less 2014 accrued expenses that were paid in 2015. This will all be clarified as we close out our statements in preparation for the audit, but I would be happy to answer any questions you might have.

Destination Medical Center Corporation  
Financial Budget Summary March 2015

	2015 Approved Budget	Curent Month March 2015	March 2015 YTD	Amount Remaining	Percent Remaining
General Expenses	217,203	84	266	216,938	100%
Professional Services	780,600		-	780,600	100%
City Expenses	275,000		-	275,000	100%
<b>Subtotal DMCC</b>	<b>1,272,803</b>	<b>84</b>	<b>266</b>	<b>1,272,538</b>	<b>100%</b>
<b>Third Party Costs - DMC EDA *</b>					
Payroll, Staff, Administration & Benefits-EDA	1,285,000	-	-	1,285,000	100%
General Expenses - EDA	222,000	-	-	222,000	100%
Marketing Expenses	296,000	-	-	296,000	100%
Meeting Expenses	12,000	-	-	12,000	100%
Professional Services	805,000	-	-	805,000	100%
Miscellaneous Expenses	180,000	-	-	180,000	100%
<b>Subtotal EDA</b>	<b>2,800,000</b>	<b>-</b>	<b>-</b>	<b>2,800,000</b>	<b>100%</b>
<b>Total DMCC 2015</b>	<b>4,072,803</b>	<b>84</b>	<b>266</b>	<b>4,072,538</b>	<b>100%</b>
Plus DMCC 2014 Costs Paid In 2015	56,933		56,933	-	-
Plus 2014 EDA Contract Commitment Carryover	898,019	323,822	1,083,729	(185,710)	-21%
Add'l Contract Commitments on Plan Since 1/1/15	334,240			334,240	
Remaining Contract Commitments Total				148,530	
<div> <div>* See Attached Contract Commitments for EDA Portion</div> <div> DMCC Working Capital Note 1,000  EDA Working Capital Note 10,000 </div> </div>					

\*(Full Accrual 2014 Statement Forthcoming - some expenses will be adjusted back to 2014 )

## DETAIL COST REPORT #12

March 31, 2015

Division	Description	Schedule of Values							Variance	Work In Place	
		Master Project Budget A	Original Contract Amount B	Contract Revisions C	Committed Costs B+C	Committed Direct Owner Purchases D	Un-Committed Costs E	Final Projected Cost B+C+D+E	Over/(Under) Budget (B+C+D+E)-A	Total Work In Place	Percent Complete
DEVELOPMENT COSTS											
40-05-000	Architecture & Engineering	\$2,431,000.00	\$1,545,921.60	\$108,291.45	\$1,654,213.05	\$0.00	\$751,632.09	\$2,405,845.14	(\$25,154.86)	\$1,579,936.46	65.67%
40-05-300	Planning Services, Architecture, Engineering	\$2,431,000.00	\$1,545,921.60	\$108,291.45	\$1,654,213.05	\$0.00	\$751,632.09	\$2,405,845.14	(\$25,154.86)	\$1,579,936.46	65.67%
40-25-000	Marketing & Public Relations	\$790,000.00	\$247,563.05	\$158,980.60	\$406,543.65	\$0.00	\$383,458.35	\$790,000.00	\$0.00	\$336,487.02	42.59%
40-25-300	Communicabons, Marketing & PR	\$545,000.00	\$183,137.76	\$140,351.90	\$323,489.66	\$0.00	\$221,510.34	\$545,000.00	\$0.00	\$253,603.27	46.53%
40-25-310	Public Relations & Communications	\$245,000.00	\$64,425.29	\$18,628.70	\$83,053.99	\$0.00	\$161,946.01	\$245,000.00	\$0.00	\$82,883.75	33.83%
40-30-000	Development Services	\$2,350,000.00	\$2,300,000.00	\$0.00	\$2,300,000.00	\$0.00	\$50,000.00	\$2,360,000.00	\$0.00	\$2,300,000.00	97.87%
40-30-300	Development Services	\$1,675,000.00	\$1,675,000.00	\$0.00	\$1,675,000.00	\$0.00	\$0.00	\$1,675,000.00	\$0.00	\$1,675,000.00	100.00%
40-30-310	Financial, Accounting & Investment Services	\$675,000.00	\$625,000.00	\$0.00	\$625,000.00	\$0.00	\$50,000.00	\$675,000.00	\$0.00	\$625,000.00	92.59%
40-35-000	Legal Services	\$425,000.00	\$126,208.01	\$254,577.84	\$380,785.85	\$0.00	\$44,214.15	\$425,000.00	\$0.00	\$380,785.85	89.80%
40-35-300	Legal Services	\$425,000.00	\$126,208.01	\$254,577.84	\$380,785.85	\$0.00	\$44,214.15	\$425,000.00	\$0.00	\$380,785.85	89.80%
40-55-000	Misc Professional Services	\$451,000.00	\$298,473.00	\$57,783.35	\$356,256.35	\$0.00	\$20,054.45	\$376,310.80	(\$74,689.20)	\$352,060.28	93.56%
40-55-300	Economic Analysis, Market Research, Reports	\$351,000.00	\$298,473.00	\$57,783.35	\$356,256.35	\$0.00	\$2,850.00	\$359,106.35	\$8,106.35	\$352,060.29	98.04%
40-55-310	Other Professional Services & Project Costs	\$100,000.00	\$0.00	\$0.00	\$0.00	\$0.00	\$17,204.45	\$17,204.45	(\$82,795.55)	\$0.00	0.00%
40-90-000	Other Development Costs	\$872,000.00	\$181,474.02	\$168,698.01	\$350,172.03	\$0.00	\$621,672.03	\$971,844.06	\$99,844.06	\$350,172.03	36.03%
40-90-115	Payroll, Staff, Administration & Benefits-EDA	\$460,000.00	\$0.00	\$0.00	\$0.00	\$0.00	\$460,000.00	\$460,000.00	\$0.00	\$0.00	0.00%
40-90-120	General Expenses-EDA	\$382,000.00	\$181,474.02	\$38,853.95	\$220,327.97	\$0.00	\$161,672.03	\$382,000.00	\$0.00	\$220,327.97	57.68%
40-90-300	Reimbursable Expenses	\$30,000.00	\$0.00	\$129,844.06	\$129,844.06	\$0.00	\$0.00	\$129,844.06	\$99,844.06	\$129,844.06	100.00%
	Subtotal	\$7,319,000.00	\$4,699,639.68	\$748,331.25	\$5,447,970.93	\$0.00	\$1,871,029.07	\$7,319,000.00	\$0.00	\$5,299,441.65	72.41%
PROJECT CONTINGENCY											
90-00-000	Project Contingency	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
	Subtotal	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
PROJECT TOTAL		\$7,319,000.00	\$4,699,639.68	\$748,331.25	\$5,447,970.93	\$0.00	\$1,871,029.07	\$7,319,000.00	\$0.00	\$5,299,441.65	72.41%

**A.**

**DESTINATION MEDICAL CENTER CORPORATION**

**RESOLUTION NO. \_\_-2015**

**Adopting a Conflict of Interest Policy**

**BACKGROUND RECITALS**

A. The Destination Medical Center Corporation (“DMCC”) and the Destination Medical Center Economic Development Agency (“EDA”) are governed by statutory and contractual provisions regarding situations in which conflicts of interest may arise.

B. The DMCC desires to adopt a conflict of interest policy that supports the goals of good management practices and transparency in the stewardship of public funds.

**RESOLUTION**

**NOW, THEREFORE, BE IT RESOLVED**, by the Destination Medical Center Corporation Board of Directors that the Conflict of Interest Policy (attached as Exhibit A) is approved.

DESTINATION MEDICAL CENTER CORPORATION  
CONFLICT OF INTEREST POLICY

I. Purpose

The purpose of this Conflict of Interest Policy (the "Policy") is to disseminate the statutory and contractual provisions that govern conflicts of interest with respect to the Destination Medical Center Corporation ("DMCC"), its members and employees, and the Destination Medical Center Economic Development Agency ("EDA"). This Policy is intended to comply with both the letter and the spirit of Minnesota law, as amended from time to time.

This Policy will assist Board members and employees in identifying conflicts of interest, as well as situations in which the perception or appearance of a conflict may exist, and to establish procedures for members and employees to declare and monitor a potential conflict as these situations arise.

The DMCC requires each Board member and employee to be advised of, and provided a copy of, this Policy immediately upon assuming their duties and to be periodically reminded of this Policy and educated concerning its application.

II. Conflict Of Interest Provisions in Enabling Statute

The DMCC is governed by Minnesota Statutes Sections 469.40-469.47.

A. Except for the DMCC Board member appointed by Mayo Clinic, a member must not be a director, officer or employee of the Mayo Clinic. Minn. Stat. § 469.41, subd. 9.

B. A member must not participate in or vote on a decision of the DMCC relating to any project authorized by or under consideration by the DMCC in which the member has either a direct or indirect financial interest. Id.

A financial interest means a person's direct or indirect ownership or investment interest or compensation arrangement, whether through business, investment, or family, including spouse, children and stepchildren, and other relatives living with the person, as follows:

1. Ownership or investment interest in the development, acquisition or construction of a project in the development district;

2. Compensation arrangement with respect to the development, acquisition, or construction of a project in the development district; or

3. Potential ownership or investment interest in, or compensation arrangement with respect to, the development, acquisition or construction of a project in the development district. Minn. Stat. § 469.40, subd. 7.

C. No DMCC member may serve as a lobbyist, as defined under Minnesota Statutes Section 10A.01, Subdivision 21. Minn. Stat. § 469.41, subd. 9.

### III. Disclosure of Conflicts of Interest

Members of the DMCC Board are public officials under Minn. Stat. § 10A.01, subd. 35, which means that DMCC Board members are also subject to the conflict of interest and disclosure provisions of Chapter 10A of Minnesota Statutes.

A. Conflicts of Interest Are Prohibited. Neither members nor employees shall voluntarily take part in any manner in making any sale, lease, or contract in the member's or employee's official capacity, in which the member or employee has a personal financial interest. Minn. Stat. § 471.87.

B. Potential Conflicts of Interest. A potential conflict of interest is present if a member or employee who in the discharge of official duties would be required to take an action or make a decision that would substantially affect the member's or employee's financial interests or those of an associated business, unless the effect on the member or employee is no greater than on other members of the member's or employee's business classification, profession, or occupation.

C. Potential Conflicts of Interest Must Be Disclosed. Before taking an action or making a decision that would substantially affect the personal financial interests of the member or employee, or of his or her associated business, the member or employee must disclose the potential conflict by taking the following actions:

1. Prepare a written statement describing the matter requiring action or decision and the nature of the potential conflict of interest; and

2. Deliver copies of the statement to the Chair of the DMCC.

If a potential conflict of interest presents itself and there is insufficient time to provide the written statement under



clauses 1 and 2, the member or employee must orally inform the Chair of the DMCC of the potential conflict.

D. Required Actions for Member or Employee with Potential Conflict of Interest.

1. If an employee has a potential conflict of interest, the employee's supervisor shall immediately assign the matter in which the potential conflict arises, if possible, to another employee who does not have a conflict of interest.
2. If a Board member has a potential conflict of interest, the member shall:
  - a. Abstain, if possible, from influence over the action or decision in question.
  - b. File a statement describing the potential conflict and the action taken, if the member is not permitted or is otherwise unable to abstain from action in connection with the matter. The statement shall be filed with the DMCC, within a week of the action taken.

IV. Statutory and Contractual Provisions Governing the EDA

The EDA is also governed by Minnesota Statutes, Sections 469.40 – 469.47. In addition, the EDA agreed to conflict of interest provisions in the Agreement for Destination Medical Services by and between the DMCC and the EDA, dated February 1, 2014 (the "DMCC-EDA Agreement").

A. Statutory Provisions. The EDA must disclose to the City of Rochester (the "City") and to the DMCC the existence, nature, and all material facts regarding any financial interest its employees or contractors have in any public infrastructure project submitted to the City for approval and any financial interest its employees or contractors have in the destination medical center development. "Contractors" includes affiliates of the contractors or members or shareholders with an ownership interest of more than 20 percent in the contractor.

"Financial interest" means a person's direct or indirect ownership or investment interest or compensation arrangement, whether through business, investment, or family, including spouse, children and stepchildren, and other relatives living with the person, as follows:

1. ownership or investment interest in the development, acquisition, or construction of a project in the development district;
2. compensation arrangement with respect to the development, acquisition, or construction of a project in the development district; or
3. potential ownership or investment interest in, or compensation arrangement with respect to, the development, acquisition, or construction of a project in the development district.

Minn. Stat. § 469.40, Subd. 7.

B. Contractual Obligations: These provisions are contained in the DMCC-EDA Agreement, as noted above.

1. EDA Other Activities: The Parties acknowledge that the EDA is expected to undertake additional activities for its own account or on behalf of entities other than the DMCC, and that such activities are separate from and in no way constitute part of the Work under this Agreement. All activities funded from sources of revenue other than reimbursement by the DMCC pursuant to this Agreement shall not be subject to this Agreement. Such other activities of the EDA shall not be inconsistent with this Agreement, the DMC Law, or create any conflict of interest to the EDA's duties or responsibilities to the DMCC. Section 2.4.
2. Potential Conflict of Interest: The EDA shall disclose to the DMCC the existence, nature, and all material facts regarding any financial interest its employees or contractors, including Subconsultants, have in any project (as defined in Minnesota Statutes Section 469.40, subdivision 10) submitted to the DMCC for approval and any financial interest its employees or contractors, including Subconsultants, have in the destination medical center development. For purposes of this Section 7.9, "Contractors" includes affiliates of the contractors or members or shareholders with an ownership interest of more than twenty (20) percent in the contractor. Section 7.9.

**DESTINATION MEDICAL CENTER CORPORATION**

**RESOLUTION NO. \_\_-2015**

**Approving the Appointment of CliftonLarsonAllen LLP, Subject to Successful Negotiation and Execution of Agreement**

**BACKGROUND RECITALS**

1. The Destination Medical Center Corporation (“DMCC”) and Destination Medical Center Economic Development Agency (“EDA”) desire to seek professional auditing services for a three year engagement, covering the audit years of 2014, 2015, and 2016.

2. A Request for Proposal was issued on March 23, 2015, was posted on the websites of the DMCC, EDA, and the City of Rochester (the “City”) and was mailed to interested parties. The due date for responses was April 10, 2015.

3. Proposals were reviewed from the following firms:

CliftonLarsonAllen LLP

McGladrey LLP

Smith Schafer & Associates, Ltd.

Wipfli LLP

4. An evaluation group, comprised of representatives of the DMCC, EDA, and City, met to review the proposals and unanimously recommended for approval the firm of CliftonLarsonAllen LLP, subject to successful negotiation and completion of an agreement.

5. The EDA concurred with the recommendation of CliftonLarsonAllen LLP at its meeting of April 23, 2015.

**RESOLUTION**

**NOW, THEREFORE, BE IT RESOLVED**, by the Destination Medical Center Corporation Board of Directors that it approves the selection of CliftonLarsonAllen LLP, for a three-year engagement, subject to successful negotiation and execution of an agreement.

**BE IT FURTHER RESOLVED** that the Chair or Treasurer of the DMCC is authorized to negotiate and execute an agreement and engagement letter according to the terms of the RFP and the response to the RFP received from CliftonLarsonAllen LLP.



## **Monthly Report for Destination Medical Center Initiative**

Hammes Company

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**REPORT PERIOD: MARCH 2015**

**MASTER PROJECT BUDGET**

The following is a summary of the sources and uses of funds included in the current payment application. This summary represents the approximately \$7.3 M portion of the 2014 budget and/or expenses that are managed and reported by the EDA. The balance of funding (approximately \$886,000 for a total budget of \$8.205 M) is DMCC and City of Rochester funding and managed outside of the EDA budget.

**SOURCES OF FUNDS**

City Contribution	\$7,319,000
<b>Total Sources</b>	<b>\$7,319,000</b>

**USES OF FUNDS**

Total Work in Place	<b>\$5,299,442</b>
Balance to Complete	<u>\$148,529</u>
Committed Costs	<b>\$5,447,971</b>
Uncommitted Costs	<u><b>\$1,871,029</b></u>
<b>Total</b>	<b>\$7,319,000</b>

- A summary of the sources and uses of funds as of Map #12 (March 2015) is included above. A detailed cost report is also attached with this update.
- MAP #1 - #11 are processed. Map #12 (March 2015) was submitted to City/ DMCC on March 13, 2015.
- The EDA is operating within budget and there were no major budgetary risks during March 2015.
- As of March 31, 2015, there is \$148,529 remaining in the 2014 budget to be paid (Balance to Complete).
- MAP #13 (April 2015) is anticipated to include the first application for payment against the 2015 budget.

**MASTER PROJECT SCHEDULE / DEVELOPMENT PLAN AND IMPLEMENTATION PROCESS**

- Final approval of the Development Plan by the City Council was granted on March 23, 2015.
- DMCC Public Hearing on the Development Plan will be held April 23, 2015.
- The DMCC Board is expected to consider approval of the Development Plan on April 23, 2015 or April 30, 2015, after the statutorily required Public Hearing.
- The City, DMCC and the EDA are all participating in working group meetings to coordinate and advance the implementation of the Development Plan upon its approval.
- Working Groups include: Executive Work Group, Planning/ Administrative Work Group, and Transportation Work Group.

**PROJECT FINANCE / FINANCIAL MANAGEMENT**

- The agreement between the City and DEED with respect to measuring private investment and drawing down state funds is being negotiated. It is anticipated that all matters will be resolved by the end of April / early May.
- The certification of private expenditures was submitted to DEED prior to the April 1 deadline.
- The EDA's tax return extension was filed on March 13, 2015. The extensions were prepared by Lund Tax and Accounting, a local, woman-owned business. The final preparation of the tax return will be included in the scope of work when engaging an auditor. Lund Tax and Accounting will also prepare the financial statements for the audit.
- The EDA is in the process of renewing the insurance, which includes a General Liability, Auto and Umbrella/Excess Coverage and is scheduled to be complete by 4/30/2015. Additional coverage will be added at the time of hiring EDA staff.

**EDA OPERATIONS**

- The EDA is finalizing the terms of the Development Management Services contract with Hammes Company to continue support to the EDA through 2015. The scope of work includes assistance with the implementation of the EDA's "Phase 2" work plan consistent with the EDA/ DMCC contract for services.

- An EDA staffing and recruitment plan was completed during the month of March.
- The EDA is beginning to evaluate options for establishing a permanent EDA Project Office.
- The EDA is preparing to file with the IRS a Form 1023 Tax Exemption Application. The DMCC has previously filed for tax-exemption with the IRS.

#### COMMUNITY INPUT PROCESS

- The EDA continues its ongoing outreach activities including website updates, blogs, a bi-weekly newsletter and presentations within the community and the region.
- Coordination with the City's Comprehensive Plan team, related to community engagement is ongoing.
- Community Engagement activity has expanded to include meetings with recently formed local groups, in addition to more discussions with the neighborhood organizations that are adjacent to the DMC Development District.

#### TARGETED BUSINESS / WORKFORCE

- Workforce initiatives are ongoing; the EDA continues its coordination with the City of Rochester and coordination with a local Workforce Development Collaborative that has been formed.

#### KEY CONSIDERATIONS / IDENTIFIED RISKS

- **Coordination Among Working Groups.** The EDA anticipates that it will require several weeks of discussions among the Working Groups to coordinate with the DMCC, City, and County on key issues, including additional studies, policy changes that may be needed (including land use policies, parking requirements, private developer responsibilities, utilities, and other existing covenants and restrictions), as well as the DMC application and review process.
- **Coordination with the Comprehensive Plan.** The EDA will also need to closely monitor and coordinate with the Comprehensive Plan team to ensure that the Development Plan is successfully integrated into the Comprehensive Plan. Both the EDA and the City are committed to work together to coordinate and resolve and/or mitigate any potential issues.

#### MAJOR TASKS TO BE COMPLETED OVER NEXT 60 DAYS:

The following provides an outline of the anticipated tasks to be completed in the next 60 days.

- Select Auditor /Complete Preparation of Financial Statements for the EDA audit
- Discussion and Resolution of stakeholder issues regarding a DMC funding application and evaluation process, funding assumptions, additional transportation planning studies, and the DMC implementation planning process
- Continued implementation of the Phase 2 Work Plan
- DMCC Public Hearing and Consideration of Approval of the Development Plan
- Review of the comprehensive community outreach workplan and website redesign are targeted to begin in May.

## **MILESTONE DATES**

The following provides an outline of the major milestone dates for the project known as of the date it was issued. This milestone schedule is not meant to be a comprehensive document and does not represent all meetings / calls, actions, tasks or deadlines associated with the project. The schedule is subject to change without notification.

### *Calendar Year 2015*

Date	Milestone Schedule
January 5 <sup>th</sup>	Due Date: EDA Payment Application #10 Submitted to EDA for preliminary review/approvals
January 10 <sup>th</sup>	Due Date: EDA Payment Application #10 Submitted to DMCC for preliminary review/approvals
January 22 <sup>th</sup>	EDA Board Meeting
January 29 <sup>th</sup>	DMCC Board Meeting, DMCC transmits Draft Development Plan to City
January 29 <sup>th</sup>	Commencement of City's 60-day Comment Period on the Draft Development Plan
January 31 <sup>st</sup>	Target Date: EDA completes Annual Report for review by DMCC Board, DMCC Board submits February 15 <sup>th</sup> (See Below)
February 3 <sup>rd</sup>	Due Date: EDA Payment Application #11 Submitted to EDA for preliminary review/approvals
February 10 <sup>th</sup>	Due Date: EDA Payment Application #11 Submitted to DMCC for preliminary review/approvals
February 15 <sup>th</sup>	Due Date: DMCC/City submit Annual Report to DEED
February 19 <sup>th</sup>	EDA Board Meeting
February 23 <sup>rd</sup>	Rochester City Planning and Zoning Commission Meeting
February 26 <sup>th</sup>	DMCC Board Meeting
March 3 <sup>rd</sup>	Due Date: EDA Payment Application #12 Submitted to EDA for preliminary review/approvals
March 10 <sup>th</sup>	Due Date: EDA Payment Application #12 Submitted to DMCC for preliminary review/approvals
March 19 <sup>th</sup>	EDA Board Meeting
March 23 <sup>rd</sup>	City Council Public Hearing
March 26 <sup>th</sup>	DMCC Board Meeting
March 30 <sup>th</sup>	City Council Meeting
April 1 <sup>st</sup>	Due Date: Submittal of 2014 Certification of Investment to DEED
April 5 <sup>th</sup>	Due Date: EDA Payment Application #13 Submitted to EDA for preliminary review/approvals
April 10 <sup>th</sup>	Due Date: EDA Payment Application #13 Submitted to DMCC for preliminary review/approvals
April 23 <sup>rd</sup>	DMCC Public Hearing on Development Plan (Possibly Act on Development Plan)
April 23 <sup>rd</sup>	EDA Board Meeting
April 30 <sup>th</sup>	DMCC Board Meeting
May 5 <sup>th</sup>	Due Date: EDA Payment Application #14 Submitted to EDA for preliminary review/approvals
May 10 <sup>th</sup>	Due Date: EDA Payment Application #14 Submitted to DMCC for preliminary review/approvals
May 21 <sup>st</sup>	EDA Board Meeting
May 28 <sup>th</sup>	DMCC Board Meeting



Date	Milestone Schedule (continued)
June 5 <sup>th</sup>	Due Date: EDA Payment Application #15 Submitted to EDA for preliminary review/approvals
June 10 <sup>th</sup>	Due Date: EDA Payment Application #15 Submitted to DMCC for preliminary review/approvals
June 18 <sup>th</sup>	EDA Board Meeting
June 25 <sup>th</sup>	DMCC Board Meeting
July 5 <sup>th</sup>	Due Date: EDA Payment Application #16 Submitted to EDA for preliminary review/approvals
July 10 <sup>th</sup>	Due Date: EDA Payment Application #16 Submitted to DMCC for preliminary review/approvals
July 15 <sup>th</sup>	Due Date: DMCC report to DEED – Open Appointments, Annual Report Compilation
July 23 <sup>rd</sup>	EDA Board Meeting
July 30 <sup>th</sup>	DMCC Board Meeting
August 1 <sup>st</sup>	Due Date: 2016 EDA Operating Budget Submittal to DMCC Due Date: DEED Certification of Amount of GSIA
August 5 <sup>th</sup>	Due Date: EDA Payment Application #17 Submitted to EDA for preliminary review/approvals
August 10 <sup>th</sup>	Due Date: EDA Payment Application #17 Submitted to DMCC for preliminary review/approvals
August 20 <sup>th</sup>	EDA Board Meeting
August 27 <sup>th</sup>	DMCC Board Meeting
September 1 <sup>st</sup>	Due Date: DMCC to Submit 2016 DMC Budget Request to the City of Rochester (Note includes DMCC, EDA and City Budgets) Due Date: DEED to Provide GSIA Funding to City
September 5 <sup>th</sup>	Due Date: EDA Payment Application #18 Submitted to EDA for preliminary review/approvals
September 10 <sup>th</sup>	Due Date: EDA Payment Application #18 Submitted to DMCC for preliminary review/approvals
September 17	EDA Board Meeting
September 24 <sup>th</sup>	DMCC Board Meeting
October 5 <sup>th</sup>	Due Date: EDA Payment Application #19 Submitted to EDA for preliminary review/approvals
October 10 <sup>th</sup>	Due Date: EDA Payment Application #19 Submitted to DMCC for preliminary review/approvals
October 22 <sup>nd</sup>	EDA Board Meeting
October 29 <sup>th</sup>	DMCC Board Meeting
November 5 <sup>th</sup>	Due Date: EDA Payment Application #20 Submitted to EDA for preliminary review/approvals
November 10 <sup>th</sup>	Due Date: EDA Payment Application #20 Submitted to DMCC for preliminary review/approvals
November 12 <sup>th</sup>	EDA Board Meeting
November 19 <sup>th</sup>	DMCC Board Meeting
December 5 <sup>th</sup>	Due Date: EDA Payment Application #21 Submitted to EDA for preliminary review/approvals
December 10 <sup>th</sup>	Due Date: EDA Payment Application #21 Submitted to DMCC for preliminary review/approvals
December 10 <sup>th</sup>	EDA Board Meeting
December 17 <sup>th</sup>	DMCC Board Meeting

## **2.0 MASTER PROJECT BUDGET**

The following Master Project Budget is included herein as Section 2.0.

**DMC - ECONOMIC DEVELOPMENT AGENCY**

Hammes Company
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**SOURCES AND USES REPORT #12****March 31, 2015**

SOURCES OF FUNDS				USES OF FUNDS			
00-30-005	City Contribution	\$	7,319,000.00	40-00-000	Development Costs	\$	7,319,000.00
				90-00-000	Project Contingency	\$	-
TOTAL SOURCES OF FUNDS		\$	7,319,000.00	TOTAL USES OF FUNDS		\$	7,319,000.00

## DETAIL MASTER PROJECT BUDGET #12

March 31, 2015

Division	Description	Master Project Budget - Detail	Master Project Budget	Final Projected Cost - Detail	Final Projected Cost	Notes
	<b>DEVELOPMENT COSTS</b>					
<b>40-05-000</b>	<b>Architecture &amp; Engineering</b>		<b>\$2,431,000.00</b>		<b>\$2,405,845.14</b>	
40-05-300	Planning Services, Architecture, Engineering	\$2,431,000.00		\$2,405,845.14		
<b>40-25-000</b>	<b>Marketing &amp; Public Relations</b>		<b>\$790,000.00</b>		<b>\$790,000.00</b>	
40-25-300	Communications, Marketing & PR	\$545,000.00		\$545,000.00		
40-25-310	Public Relations & Communications	\$245,000.00		\$245,000.00		
<b>40-30-000</b>	<b>Development Services</b>		<b>\$2,350,000.00</b>		<b>\$2,350,000.00</b>	
40-30-300	Development Services	\$1,675,000.00		\$1,675,000.00		
40-30-310	Financial, Accounting & Investment Services	\$675,000.00		\$675,000.00		
<b>40-35-000</b>	<b>Legal Services</b>		<b>\$425,000.00</b>		<b>\$425,000.00</b>	
40-35-300	Legal Services	\$425,000.00		\$425,000.00		
<b>40-55-000</b>	<b>Misc Professional Services</b>		<b>\$451,000.00</b>		<b>\$376,310.80</b>	
40-55-300	Economic Analysis, Market Research, Reports	\$351,000.00		\$359,106.35		
40-55-310	Other Professional Services & Project Costs	\$100,000.00		\$17,204.45		
<b>40-90-000</b>	<b>Other Development Costs</b>		<b>\$872,000.00</b>		<b>\$971,844.06</b>	
40-90-115	Payroll, Staff, Administration & Benefits-EDA	\$460,000.00		\$460,000.00		
40-90-120	General Expenses-EDA	\$382,000.00		\$382,000.00		
40-90-300	Reimbursable Expenses	\$30,000.00		\$129,844.06		
	<b>Subtotal</b>		<b>\$7,319,000.00</b>		<b>\$7,319,000.00</b>	
	<b>PROJECT CONTINGENCY</b>					
<b>90-00-000</b>	<b>Project Contingency</b>		<b>\$0.00</b>		<b>\$0.00</b>	
	<b>Subtotal</b>		<b>\$0.00</b>		<b>\$0.00</b>	
	<b>PROJECT TOTAL</b>		<b>\$7,319,000.00</b>		<b>\$7,319,000.00</b>	

## MASTER PROJECT BUDGET #12

March 31, 2015

Division	Description	Final Projected Cost	Notes
	<b>DEVELOPMENT COSTS</b>		
40-05-000	Architecture & Engineering	\$2,405,845.14	
40-25-000	Marketing & Public Relations	\$790,000.00	
40-30-000	Development Services	\$2,350,000.00	
40-35-000	Legal Services	\$425,000.00	
40-55-000	Misc Professional Services	\$376,310.80	
40-90-000	Other Development Costs	\$971,844.06	
	<b>Subtotal</b>	<b>\$7,319,000.00</b>	
	<b>PROJECT CONTINGENCY</b>		
90-00-000	Project Contingency	\$0.00	
	<b>Subtotal</b>	<b>\$0.00</b>	
	<b>PROJECT TOTAL</b>	<b>\$7,319,000.00</b>	

## **3.0 BUDGET ALLOCATION REPORT**

The following Budget Allocation Report is included herein as Section 3.0.

**BUDGET ALLOCATION REPORT #12****March 31, 2015**

Revision No	Revision Date	Division	Division Description	Revision Description	Revision Amount	Revision To	Revision Method	Requested By	Entered By

Final Projected Cost	
BEGINNING CONTINGENCY BALANCE	\$0.00
ENDING CONTINGENCY BALANCE	\$0.00

## 4.0 COST REPORT

The following Cost Report is included herein as Section 4.0.



## DETAIL COST REPORT #12

March 31, 2015

Division	Description	Schedule of Values							Variance	Work in Place	
		Master Project Budget A	Original Contract Amount B	Contract Revisions C	Committed Costs B+C	Committed Direct Owner Purchases D	Un-Committed Costs E	Final Projected Cost B+C+D+E	Over/(Under) Budget (B+C+D+E)-A	Total Work In Place	Percent Complete
	<b>DEVELOPMENT COSTS</b>										
40-05-000	Architecture & Engineering	\$2,431,000.00	\$1,545,921.60	\$108,291.45	\$1,654,213.05	\$0.00	\$751,632.09	\$2,405,845.14	(\$25,154.86)	\$1,579,936.46	65.67%
40-05-300	Planning Services, Architecture, Engineering	\$2,431,000.00	\$1,545,921.60	\$108,291.45	\$1,654,213.05	\$0.00	\$751,632.09	\$2,405,845.14	(\$25,154.86)	\$1,579,936.46	65.67%
40-25-000	Marketing & Public Relations	\$790,000.00	\$247,563.05	\$158,980.60	\$406,543.65	\$0.00	\$383,456.35	\$790,000.00	\$0.00	\$336,487.02	42.59%
40-25-300	Communications, Marketing & PR	\$545,000.00	\$183,137.76	\$140,351.90	\$323,489.66	\$0.00	\$221,510.34	\$545,000.00	\$0.00	\$253,603.27	46.53%
40-25-310	Public Relations & Communications	\$245,000.00	\$64,425.29	\$18,628.70	\$83,053.99	\$0.00	\$161,946.01	\$245,000.00	\$0.00	\$82,883.75	33.83%
40-30-000	Development Services	\$2,350,000.00	\$2,300,000.00	\$0.00	\$2,300,000.00	\$0.00	\$50,000.00	\$2,350,000.00	\$0.00	\$2,300,000.00	97.87%
40-30-300	Development Services	\$1,675,000.00	\$1,675,000.00	\$0.00	\$1,675,000.00	\$0.00	\$0.00	\$1,675,000.00	\$0.00	\$1,675,000.00	100.00%
40-30-310	Financial, Accounting & Investment Services	\$675,000.00	\$625,000.00	\$0.00	\$625,000.00	\$0.00	\$50,000.00	\$675,000.00	\$0.00	\$625,000.00	92.59%
40-35-000	Legal Services	\$425,000.00	\$126,208.01	\$254,577.84	\$380,785.85	\$0.00	\$44,214.15	\$425,000.00	\$0.00	\$380,785.85	89.60%
40-35-300	Legal Services	\$425,000.00	\$126,208.01	\$254,577.84	\$380,785.85	\$0.00	\$44,214.15	\$425,000.00	\$0.00	\$380,785.85	89.60%
40-55-000	Misc Professional Services	\$451,000.00	\$298,473.00	\$57,783.35	\$356,256.35	\$0.00	\$20,054.45	\$376,310.80	(\$74,689.20)	\$352,060.29	93.56%
40-55-300	Economic Analysis, Market Research, Reports	\$351,000.00	\$298,473.00	\$57,783.35	\$356,256.35	\$0.00	\$2,850.00	\$359,106.35	\$8,106.35	\$352,060.29	98.04%
40-55-310	Other Professional Services & Project Costs	\$100,000.00	\$0.00	\$0.00	\$0.00	\$0.00	\$17,204.45	\$17,204.45	(\$82,795.55)	\$0.00	0.00%
40-90-000	Other Development Costs	\$872,000.00	\$181,474.02	\$168,698.01	\$350,172.03	\$0.00	\$621,672.03	\$971,844.06	\$99,844.06	\$350,172.03	36.03%
40-90-115	Payroll, Staff, Administration & Benefits-EDA	\$460,000.00	\$0.00	\$0.00	\$0.00	\$0.00	\$460,000.00	\$460,000.00	\$0.00	\$0.00	0.00%
40-90-120	General Expenses-EDA	\$382,000.00	\$181,474.02	\$38,853.95	\$220,327.97	\$0.00	\$161,672.03	\$382,000.00	\$0.00	\$220,327.97	57.68%
40-90-300	Reimbursable Expenses	\$30,000.00	\$0.00	\$129,844.06	\$129,844.06	\$0.00	\$0.00	\$129,844.06	\$99,844.06	\$129,844.06	100.00%
	Subtotal	\$7,319,000.00	\$4,699,639.68	\$748,331.25	\$5,447,970.93	\$0.00	\$1,871,029.07	\$7,319,000.00	\$0.00	\$5,299,441.65	72.41%
	<b>PROJECT CONTINGENCY</b>										
90-00-000	Project Contingency	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
	Subtotal	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
	<b>PROJECT TOTAL</b>	<b>\$7,319,000.00</b>	<b>\$4,699,639.68</b>	<b>\$748,331.25</b>	<b>\$5,447,970.93</b>	<b>\$0.00</b>	<b>\$1,871,029.07</b>	<b>\$7,319,000.00</b>	<b>\$0.00</b>	<b>\$5,299,441.65</b>	<b>72.41%</b>

## **5.0 CONTRACT SUMMARY REPORT**

The following Contract Summary Report is included herein as Section 5.0.

## CONTRACT SUMMARY REPORT #12

March 31, 2015

Division	Description	Status	Vendor Name	Contract Number	Original Contract Amount	Contract Revisions	Committed Costs	Direct Owner Purchases	Work in Place	Percent Complete
		Contract								
	<b>DEVELOPMENT COSTS</b>									
<b>40-05-000</b>	<b>Architecture &amp; Engineering</b>				<b>\$1,545,921.60</b>	<b>\$108,291.45</b>	<b>\$1,654,213.05</b>	<b>\$0.00</b>	<b>\$1,579,936.46</b>	<b>95.51%</b>
40-05-300	Planning Services, Architecture, Engineering	X	KIMLEY-HORN AND ASSOC., INC.	4003	\$412,500.00	\$0.00	\$412,500.00	\$0.00	\$388,694.70	94.23%
40-05-300	Planning Services, Architecture, Engineering	X	NELSON/NYGAARD CONSULTING	4004	\$412,941.00	\$27,374.50	\$440,315.50	\$0.00	\$436,583.13	99.15%
40-05-300	Planning Services, Architecture, Engineering	X	PERKINS EASTMAN ARCHITECTS, PC	4005	\$686,000.00	\$47,900.00	\$733,900.00	\$0.00	\$701,251.55	95.55%
40-05-300	Planning Services, Architecture, Engineering	X	ALPHAGRAPHS	4006	\$794.42	\$14,411.02	\$15,205.44	\$0.00	\$15,205.44	100.00%
40-05-300	Planning Services, Architecture, Engineering	X	MAYO CLINIC	4012	\$2,026.53	\$18,605.93	\$20,632.46	\$0.00	\$20,632.46	100.00%
40-05-300	Planning Services, Architecture, Engineering	X	CARROLL, FRANCK & ASSOCIATES	4020	\$28,000.00	\$0.00	\$28,000.00	\$0.00	\$13,909.53	49.68%
40-05-300	Planning Services, Architecture, Engineering	X	GARY SMITH	4028	\$1,259.10	\$0.00	\$1,259.10	\$0.00	\$1,259.10	100.00%
40-05-300	Planning Services, Architecture, Engineering	X	JERRY BELL	4029	\$1,844.65	\$0.00	\$1,844.65	\$0.00	\$1,844.65	100.00%
40-05-300	Planning Services, Architecture, Engineering	X	INDIANA HISTORY CENTER	4031	\$555.90	\$0.00	\$555.90	\$0.00	\$555.90	100.00%
<b>40-25-000</b>	<b>Marketing &amp; Public Relations</b>				<b>\$247,563.05</b>	<b>\$158,980.60</b>	<b>\$406,543.65</b>	<b>\$0.00</b>	<b>\$336,487.02</b>	<b>82.77%</b>
40-25-300	Communications, Marketing & PR	X	HIMLE RAPP & CO., INC.	4001	\$28,918.38	\$3,830.44	\$32,748.82	\$0.00	\$32,748.82	100.00%
40-25-300	Communications, Marketing & PR	X	MAYO CLINIC	4012	\$4,275.00	\$9,261.57	\$13,536.57	\$0.00	\$13,536.57	100.00%
40-25-300	Communications, Marketing & PR	X	HIMLE RAPP & CO., INC.	4017	\$143,044.38	\$124,859.89	\$267,904.27	\$0.00	\$203,042.88	75.79%
40-25-300	Communications, Marketing & PR	X	GINA MARIA CHIRI-OSMOND	4027	\$6,900.00	\$2,400.00	\$9,300.00	\$0.00	\$4,275.00	45.97%
40-25-310	Public Relations & Communications	X	MAYO CLINIC	4012	\$19,725.29	\$11,329.00	\$31,054.29	\$0.00	\$31,054.29	100.00%
40-25-310	Public Relations & Communications	X	BRANDHOOT	4016	\$27,540.00	\$6,257.68	\$33,797.68	\$0.00	\$33,627.44	99.50%
40-25-310	Public Relations & Communications	X	KNOWBLE MEDIA, LLC	4025	\$4,000.00	\$1,042.02	\$5,042.02	\$0.00	\$5,042.02	100.00%
40-25-310	Public Relations & Communications	X	SAM SMITH	4030	\$13,160.00	\$0.00	\$13,160.00	\$0.00	\$13,160.00	100.00%
<b>40-30-000</b>	<b>Development Services</b>				<b>\$2,300,000.00</b>	<b>\$0.00</b>	<b>\$2,300,000.00</b>	<b>\$0.00</b>	<b>\$2,300,000.00</b>	<b>100.00%</b>
40-30-300	Development Services	X	HAMMES COMPANY SPORTS DEVEL.	DMA	\$1,675,000.00	\$0.00	\$1,675,000.00	\$0.00	\$1,675,000.00	100.00%
40-30-310	Financial, Accounting & Investment Services	X	HAMMES COMPANY SPORTS DEVEL.	DMA	\$625,000.00	\$0.00	\$625,000.00	\$0.00	\$625,000.00	100.00%
<b>40-35-000</b>	<b>Legal Services</b>				<b>\$126,208.01</b>	<b>\$254,577.84</b>	<b>\$380,785.85</b>	<b>\$0.00</b>	<b>\$380,785.85</b>	<b>100.00%</b>
40-35-300	Legal Services	X	FOLEY & LARDNER LLP	4000	\$39,208.01	\$0.00	\$39,208.01	\$0.00	\$39,208.01	100.00%
40-35-300	Legal Services	X	DORSEY & WHITNEY LLP	4015	\$75,000.00	\$218,036.84	\$293,036.84	\$0.00	\$293,036.84	100.00%
40-35-300	Legal Services	X	MICHAEL BEST & FRIEDRICH LLP	4021	\$12,000.00	\$36,541.00	\$48,541.00	\$0.00	\$48,541.00	100.00%
<b>40-55-000</b>	<b>Misc Professional Services</b>				<b>\$298,473.00</b>	<b>\$57,783.35</b>	<b>\$356,256.35</b>	<b>\$0.00</b>	<b>\$352,060.29</b>	<b>98.82%</b>
40-55-300	Economic Analysis, Market Research, Reports	X	AECOM TECHNICAL SERVICES, INC.	4002	\$298,473.00	\$57,783.35	\$356,256.35	\$0.00	\$352,060.29	98.82%
<b>40-90-000</b>	<b>Other Development Costs</b>				<b>\$181,474.02</b>	<b>\$168,698.01</b>	<b>\$350,172.03</b>	<b>\$0.00</b>	<b>\$350,172.03</b>	<b>100.00%</b>
40-90-120	General Expenses-EDA	X	CANADIAN HONKER REST & CATER	4007	\$364.20	\$483.27	\$847.47	\$0.00	\$847.47	100.00%
40-90-120	General Expenses-EDA	X	CATERING BY DESIGN	4008	\$457.94	\$0.00	\$457.94	\$0.00	\$457.94	100.00%
40-90-120	General Expenses-EDA	X	ECONOMIC DEVELOPMENT AGENCY	4009	\$10,000.00	\$0.00	\$10,000.00	\$0.00	\$10,000.00	100.00%

## CONTRACT SUMMARY REPORT #12

March 31, 2015

Division	Description	Status	Vendor Name	Contract Number	Original Contract Amount	Contract Revisions	Committed Costs	Direct Owner Purchases	Work in Place	Percent Complete
		Contract								
40-90-120	General Expenses-EDA	X	AON RISK SERVICES CENTRAL, INC	4010	\$67,466.17	\$0.00	\$67,466.17	\$0.00	\$67,466.17	100.00%
40-90-120	General Expenses-EDA	X	MAYO CLINIC	4012	\$4,801.01	\$5,672.65	\$10,473.66	\$0.00	\$10,473.66	100.00%
40-90-120	General Expenses-EDA	X	MAYO CIVIC CENTER	4013	\$4,929.24	\$31,758.79	\$36,688.03	\$0.00	\$36,688.03	100.00%
40-90-120	General Expenses-EDA	X	ROCHESTER TROLLEY & TOUR CO	4014	\$550.00	\$0.00	\$550.00	\$0.00	\$550.00	100.00%
40-90-120	General Expenses-EDA	X	CITY MARKET DOWNTOWN	4018	\$420.44	\$1,157.21	\$1,577.65	\$0.00	\$1,577.65	100.00%
40-90-120	General Expenses-EDA	X	TIM PRIEST	4019	\$566.84	\$0.00	\$566.84	\$0.00	\$566.84	100.00%
40-90-120	General Expenses-EDA	X	DAVID HIGGINS	4022	\$95.20	\$0.00	\$95.20	\$0.00	\$95.20	100.00%
40-90-120	General Expenses-EDA	X	PATRICK SEEB	4023	\$766.20	\$0.00	\$766.20	\$0.00	\$766.20	100.00%
40-90-120	General Expenses-EDA	X	HARLEYSVILLE WORCESTER INS. CO	4024	\$1,762.43	\$0.00	\$1,762.43	\$0.00	\$1,762.43	100.00%
40-90-120	General Expenses-EDA	X	MINNEAPOLIS CLUB	4026	\$1,670.27	(\$217.97)	\$1,452.30	\$0.00	\$1,452.30	100.00%
40-90-120	General Expenses-EDA	X	SRI ZAHEER	4032	\$8.00	\$0.00	\$8.00	\$0.00	\$8.00	100.00%
40-90-120	General Expenses-EDA	X	CWS, INC.	4033	\$1,725.00	\$0.00	\$1,725.00	\$0.00	\$1,725.00	100.00%
40-90-120	General Expenses-EDA	X	MINNESOTA DEPT OF REVENUE	4034	\$1,764.00	\$0.00	\$1,764.00	\$0.00	\$1,764.00	100.00%
40-90-120	General Expenses-EDA	X	US TREASURY	4035	\$2,700.00	\$0.00	\$2,700.00	\$0.00	\$2,700.00	100.00%
40-90-120	General Expenses-EDA	X	DAVIES PRINTING COMPANY	4036	\$8,464.00	\$0.00	\$8,464.00	\$0.00	\$8,464.00	100.00%
40-90-120	General Expenses-EDA	X	FAEGRE BAKER DANIELS	4037	\$30,004.05	\$0.00	\$30,004.05	\$0.00	\$30,004.05	100.00%
40-90-120	General Expenses-EDA	X	WINTHROP & WEINSTINE, P.A.	4038	\$20,074.91	\$0.00	\$20,074.91	\$0.00	\$20,074.91	100.00%
40-90-120	General Expenses-EDA	X	MCGRANN SHEA CARNIVAL STRAUGHN & LA	4039	\$22,884.12	\$0.00	\$22,884.12	\$0.00	\$22,884.12	100.00%
40-90-300	Reimbursable Expenses	X	HAMMES COMPANY SPORTS DEVEL.	DMA	\$0.00	\$129,844.06	\$129,844.06	\$0.00	\$129,844.06	100.00%
	Subtotal				\$4,699,639.68	\$748,331.25	\$5,447,970.93	\$0.00	\$5,299,441.65	97.27%
	PROJECT CONTINGENCY									
90-00-000	Project Contingency				\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
	Subtotal				\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
	PROJECT TOTAL				\$4,699,639.68	\$748,331.25	\$5,447,970.93	\$0.00	\$5,299,441.65	97.27%

## **6.0 MASTER APPLICATION FOR PAYMENT**

The following Master Application for Payment is included herein as Section 6.0.

These reports include budget information as of the date of the Master Application for Payment.

# MASTER APPLICATION FOR PAYMENT (Form 4020)

Page 1 of 1

DESTINATION MEDICAL CENTER  
ECONOMIC DEVELOPMENT AGENCY

DETAIL SOURCES AND USES REPORT #12

March 31, 2015

Division	Description	Final Projected Cost	Previous Billings	Current Billing	Total Billed To Date	Balance to Complete
<b>SOURCES OF FUNDS</b>						
00-30-005	City Contribution	\$7,319,000.00	\$4,975,619.60	\$323,822.05	\$5,299,441.65	\$2,019,558.35
	<b>Total Sources of Funds</b>	<b>\$7,319,000.00</b>	<b>\$4,975,619.60</b>	<b>\$323,822.05</b>	<b>\$5,299,441.65</b>	<b>\$2,019,558.35</b>
<b>USES OF FUNDS</b>						
40-00-000	Development Costs	\$7,319,000.00	\$4,975,619.60	\$323,822.05	\$5,299,441.65	\$2,019,558.35
90-00-000	Project Contingency	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
	<b>Total Uses of Funds</b>	<b>\$7,319,000.00</b>	<b>\$4,975,619.60</b>	<b>\$323,822.05</b>	<b>\$5,299,441.65</b>	<b>\$2,019,558.35</b>

**DESTINATION MEDICAL CENTER  
ECONOMIC DEVELOPMENT AUTHORITY**

**MASTER APPLICATION FOR PAYMENT DETAIL #12**

**March 31, 2015**

Division	Description	Vendor	Contract No	Work Completed To Date					Retainage		
				Previous Billing	Current Work In Place	Direct Owner Purchase	Total Work to Date	Percent Complete	Previous Retainage	Current Retainage	Total Retainage
	<b>DEVELOPMENT COSTS</b>										
<b>40-05-000</b>	<b>Architecture &amp; Engineering</b>			<b>\$1,524,820.12</b>	<b>\$55,116.34</b>	<b>\$0.00</b>	<b>\$1,579,936.46</b>	<b>95.51%</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>
40-05-300	Planning Services, Architecture, Engineering	INDIANA HISTORY CENTER	4031	\$555.90	\$0.00	\$0.00	\$555.90	100.00%	\$0.00	\$0.00	\$0.00
40-05-300	Planning Services, Architecture, Engineering	JERRY BELL	4029	\$1,844.65	\$0.00	\$0.00	\$1,844.65	100.00%	\$0.00	\$0.00	\$0.00
40-05-300	Planning Services, Architecture, Engineering	GARY SMITH	4028	\$1,259.10	\$0.00	\$0.00	\$1,259.10	100.00%	\$0.00	\$0.00	\$0.00
40-05-300	Planning Services, Architecture, Engineering	CARROLL, FRANCK & ASSOCIATES	4020	\$13,909.53	\$0.00	\$0.00	\$13,909.53	49.68%	\$0.00	\$0.00	\$0.00
40-05-300	Planning Services, Architecture, Engineering	MAYO CLINIC	4012	\$20,632.46	\$0.00	\$0.00	\$20,632.46	100.00%	\$0.00	\$0.00	\$0.00
40-05-300	Planning Services, Architecture, Engineering	ALPHAGRAPHS	4006	\$15,205.44	\$0.00	\$0.00	\$15,205.44	100.00%	\$0.00	\$0.00	\$0.00
40-05-300	Planning Services, Architecture, Engineering	PERKINS EASTMAN ARCHITECTS, PC	4005	\$678,579.12	\$22,672.43	\$0.00	\$701,251.55	96.55%	\$0.00	\$0.00	\$0.00
40-05-300	Planning Services, Architecture, Engineering	NELSON/NYGAARD CONSULTING	4004	\$415,919.22	\$20,663.91	\$0.00	\$436,583.13	99.15%	\$0.00	\$0.00	\$0.00
40-05-300	Planning Services, Architecture, Engineering	KIMLEY-HORN AND ASSOC., INC.	4003	\$376,914.70	\$11,780.00	\$0.00	\$388,694.70	94.23%	\$0.00	\$0.00	\$0.00
<b>40-25-000</b>	<b>Marketing &amp; Public Relations</b>			<b>\$305,752.28</b>	<b>\$30,734.74</b>	<b>\$0.00</b>	<b>\$336,487.02</b>	<b>82.77%</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>
40-25-300	Communications, Marketing & PR	GINA MARIA CHIRI-OSMOND	4027	\$4,275.00	\$0.00	\$0.00	\$4,275.00	45.97%	\$0.00	\$0.00	\$0.00
40-25-300	Communications, Marketing & PR	HIMLE RAPP & CO., INC.	4017	\$186,106.10	\$16,936.78	\$0.00	\$203,042.88	75.79%	\$0.00	\$0.00	\$0.00
40-25-300	Communications, Marketing & PR	MAYO CLINIC	4012	\$13,536.57	\$0.00	\$0.00	\$13,536.57	100.00%	\$0.00	\$0.00	\$0.00
40-25-300	Communications, Marketing & PR	HIMLE RAPP & CO., INC.	4001	\$32,748.82	\$0.00	\$0.00	\$32,748.82	100.00%	\$0.00	\$0.00	\$0.00
40-25-310	Public Relations & Communications	SAM SMITH	4030	\$2,345.00	\$10,815.00	\$0.00	\$13,160.00	100.00%	\$0.00	\$0.00	\$0.00
40-25-310	Public Relations & Communications	KNOWBLE MEDIA, LLC	4025	\$5,042.02	\$0.00	\$0.00	\$5,042.02	100.00%	\$0.00	\$0.00	\$0.00
40-25-310	Public Relations & Communications	BRANDHOOT	4016	\$30,644.48	\$2,982.96	\$0.00	\$33,627.44	99.50%	\$0.00	\$0.00	\$0.00
40-25-310	Public Relations & Communications	MAYO CLINIC	4012	\$31,054.29	\$0.00	\$0.00	\$31,054.29	100.00%	\$0.00	\$0.00	\$0.00
<b>40-30-000</b>	<b>Development Services</b>			<b>\$2,250,000.00</b>	<b>\$50,000.00</b>	<b>\$0.00</b>	<b>\$2,300,000.00</b>	<b>100.00%</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>
40-30-300	Development Services	HAMMES COMPANY SPORTS DEVEL.	DMA	\$1,642,500.00	\$32,500.00	\$0.00	\$1,675,000.00	100.00%	\$0.00	\$0.00	\$0.00
40-30-310	Financial, Accounting & Investment Services	HAMMES COMPANY SPORTS DEVEL.	DMA	\$607,500.00	\$17,500.00	\$0.00	\$625,000.00	100.00%	\$0.00	\$0.00	\$0.00
<b>40-35-000</b>	<b>Legal Services</b>			<b>\$283,627.83</b>	<b>\$97,158.02</b>	<b>\$0.00</b>	<b>\$380,785.85</b>	<b>100.00%</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>
40-35-300	Legal Services	MICHAEL BEST & FRIEDRICH LLP	4021	\$43,192.00	\$5,349.00	\$0.00	\$48,541.00	100.00%	\$0.00	\$0.00	\$0.00
40-35-300	Legal Services	DORSEY & WHITNEY LLP	4015	\$201,227.82	\$91,809.02	\$0.00	\$293,036.84	100.00%	\$0.00	\$0.00	\$0.00
40-35-300	Legal Services	FOLEY & LARDNER LLP	4000	\$39,208.01	\$0.00	\$0.00	\$39,208.01	100.00%	\$0.00	\$0.00	\$0.00
<b>40-55-000</b>	<b>Misc Professional Services</b>			<b>\$352,060.29</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$352,060.29</b>	<b>98.82%</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>
40-55-300	Economic Analysis, Market Research, Reports	AECOM TECHNICAL SERVICES, INC.	4002	\$352,060.29	\$0.00	\$0.00	\$352,060.29	98.82%	\$0.00	\$0.00	\$0.00
<b>40-90-000</b>	<b>Other Development Costs</b>			<b>\$259,359.08</b>	<b>\$90,812.95</b>	<b>\$0.00</b>	<b>\$350,172.03</b>	<b>100.00%</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>
40-90-120	General Expenses-EDA	CANADIAN HONKER REST & CATER	4007	\$847.47	\$0.00	\$0.00	\$847.47	100.00%	\$0.00	\$0.00	\$0.00
40-90-120	General Expenses-EDA	CATERING BY DESIGN	4008	\$457.94	\$0.00	\$0.00	\$457.94	100.00%	\$0.00	\$0.00	\$0.00
40-90-120	General Expenses-EDA	ECONOMIC DEVELOPMENT AGENCY	4009	\$10,000.00	\$0.00	\$0.00	\$10,000.00	100.00%	\$0.00	\$0.00	\$0.00
40-90-120	General Expenses-EDA	AON RISK SERVICES CENTRAL, INC	4010	\$67,466.17	\$0.00	\$0.00	\$67,466.17	100.00%	\$0.00	\$0.00	\$0.00
40-90-120	General Expenses-EDA	MAYO CLINIC	4012	\$10,473.66	\$0.00	\$0.00	\$10,473.66	100.00%	\$0.00	\$0.00	\$0.00



DESTINATION MEDICAL CENTER  
ECONOMIC DEVELOPMENT AUTHORITY

MASTER APPLICATION FOR PAYMENT DETAIL #12

March 31, 2015

Division	Description	Vendor	Contract No	Work Completed To Date					Retainage		
				Previous Billing	Current Work In Place	Direct Owner Purchase	Total Work to Date	Percent Complete	Previous Retainage	Current Retainage	Total Retainage
40-90-120	General Expenses-EDA	ROCHESTER TROLLEY & TOUR CO	4014	\$550.00	\$0.00	\$0.00	\$550.00	100.00%	\$0.00	\$0.00	\$0.00
40-90-120	General Expenses-EDA	CITY MARKET DOWNTOWN	4018	\$1,577.65	\$0.00	\$0.00	\$1,577.65	100.00%	\$0.00	\$0.00	\$0.00
40-90-120	General Expenses-EDA	TIM PRIEST	4019	\$566.84	\$0.00	\$0.00	\$566.84	100.00%	\$0.00	\$0.00	\$0.00
40-90-120	General Expenses-EDA	DAVID HIGGINS	4022	\$95.20	\$0.00	\$0.00	\$95.20	100.00%	\$0.00	\$0.00	\$0.00
40-90-120	General Expenses-EDA	PATRICK SEEB	4023	\$766.20	\$0.00	\$0.00	\$766.20	100.00%	\$0.00	\$0.00	\$0.00
40-90-120	General Expenses-EDA	HARLEYSVILLE WORCESTER INS. CO	4024	\$1,762.43	\$0.00	\$0.00	\$1,762.43	100.00%	\$0.00	\$0.00	\$0.00
40-90-120	General Expenses-EDA	MINNEAPOLIS CLUB	4026	\$1,452.30	\$0.00	\$0.00	\$1,452.30	100.00%	\$0.00	\$0.00	\$0.00
40-90-120	General Expenses-EDA	MAYO CIVIC CENTER	4013	\$31,766.16	\$4,921.87	\$0.00	\$36,688.03	100.00%	\$0.00	\$0.00	\$0.00
40-90-120	General Expenses-EDA	SRI ZAHEER	4032	\$8.00	\$0.00	\$0.00	\$8.00	100.00%	\$0.00	\$0.00	\$0.00
40-90-120	General Expenses-EDA	CWS, INC.	4033	\$1,725.00	\$0.00	\$0.00	\$1,725.00	100.00%	\$0.00	\$0.00	\$0.00
40-90-120	General Expenses-EDA	MINNESOTA DEPT OF REVENUE	4034	\$0.00	\$1,764.00	\$0.00	\$1,764.00	100.00%	\$0.00	\$0.00	\$0.00
40-90-120	General Expenses-EDA	US TREASURY	4035	\$0.00	\$2,700.00	\$0.00	\$2,700.00	100.00%	\$0.00	\$0.00	\$0.00
40-90-120	General Expenses-EDA	DAVIES PRINTING COMPANY	4036	\$0.00	\$8,464.00	\$0.00	\$8,464.00	100.00%	\$0.00	\$0.00	\$0.00
40-90-120	General Expenses-EDA	FAEGRE BAKER DANIELS	4037	\$0.00	\$30,004.05	\$0.00	\$30,004.05	100.00%	\$0.00	\$0.00	\$0.00
40-90-120	General Expenses-EDA	WINTHROP & WEINSTINE, P.A.	4038	\$0.00	\$20,074.91	\$0.00	\$20,074.91	100.00%	\$0.00	\$0.00	\$0.00
40-90-120	General Expenses-EDA	MCGRANN SHEA CARNIVAL STRAUGHN & L	4039	\$0.00	\$22,884.12	\$0.00	\$22,884.12	100.00%	\$0.00	\$0.00	\$0.00
40-90-300	Reimbursable Expenses	HAMMES COMPANY SPORTS DEVEL.	DMA	\$129,844.06	\$0.00	\$0.00	\$129,844.06	100.00%	\$0.00	\$0.00	\$0.00
	Subtotal			\$4,975,619.60	\$323,822.05	\$0.00	\$5,299,441.65	97.27%	\$0.00	\$0.00	\$0.00
	PROJECT CONTINGENCY										
90-00-000	Project Contingency			\$0.00	\$0.00	\$0.00	\$0.00	0.00%	\$0.00	\$0.00	\$0.00
	Subtotal			\$0.00	\$0.00	\$0.00	\$0.00	0.00%	\$0.00	\$0.00	\$0.00
	PROJECT TOTAL			\$4,975,619.60	\$323,822.05	\$0.00	\$5,299,441.65		\$0.00	\$0.00	\$0.00

	Current Work In Place	Direct Owner Purchase	Total Current Work
Current Work In Place	\$323,822.05	\$0.00	\$323,822.05
Less Current Retainage Held	\$0.00	\$0.00	\$0.00
Net Amount Due	\$323,822.05	\$0.00	\$323,822.05

DESTINATION MEDICAL CENTER  
ECONOMIC DEVELOPMENT AUTHORITY

INVOICE SUMMARY REPORT #12

March 31, 2015

Vendor Name	Description	Invoice No	Invoice Date	Invoice Amount	Retainage Held	Amount Due	Approval
BRANDHOOT	Public Relations and Communications	1278	3/3/2015	\$2,982.96	\$0.00	\$2,982.96	
DAVIES PRINTING COMPANY	Printing Services	102986	3/2/2015	\$395.00	\$0.00	\$395.00	
DAVIES PRINTING COMPANY	Printing Services	102652	2/20/2015	\$1,975.00	\$0.00	\$1,975.00	
DAVIES PRINTING COMPANY	Printing Services	102650	2/20/2015	\$2,995.00	\$0.00	\$2,995.00	
DAVIES PRINTING COMPANY	Printing Services	102646	2/20/2015	\$2,195.00	\$0.00	\$2,195.00	
DAVIES PRINTING COMPANY	Printing Services	102430	11/14/2014	\$105.00	\$0.00	\$105.00	
DAVIES PRINTING COMPANY	Printing Services	S67169	9/29/2014	\$799.00	\$0.00	\$799.00	
DORSEY & WHITNEY LLP	Legal Services	2222003798	3/13/2015	\$40,297.37	\$0.00	\$40,297.37	
DORSEY & WHITNEY LLP	Legal Services	1998887	2/23/2015	\$51,511.65	\$0.00	\$51,511.65	
FAEGRE BAKER DANIELS	Professional Services	21097051	1/31/2015	\$10,004.05	\$0.00	\$10,004.05	
FAEGRE BAKER DANIELS	Professional Services	21097146	1/21/2015	\$10,000.00	\$0.00	\$10,000.00	
FAEGRE BAKER DANIELS	Professional Services	21102086	3/5/2015	\$10,000.00	\$0.00	\$10,000.00	
HAMMES COMPANY SPORTS DEVEL.	Development Manager Agreement	5005-012	3/1/2015	\$50,000.00	\$0.00	\$50,000.00	
HIMLE RAPP & CO., INC.	Consulting Services-Strategy	0215Media	3/4/2015	\$6,477.75	\$0.00	\$6,477.75	
HIMLE RAPP & CO., INC.	Consulting Services-Strategy	0115Media	2/4/2015	\$10,459.03	\$0.00	\$10,459.03	
KIMLEY-HORN AND ASSOC., INC.	Infrastructure Planner	160752000-0115	1/31/2015	\$11,780.00	\$0.00	\$11,780.00	
MAYO CIVIC CENTER	Rental and Equipment	11391	2/26/2015	\$2,439.06	\$0.00	\$2,439.06	
MAYO CIVIC CENTER	Rental and Equipment	11343	1/29/2015	\$2,482.81	\$0.00	\$2,482.81	
MCGRANN SHEA CARNIVAL STRAUGHN & LAMB, CHARTER	Professional Services	63199-0018	3/23/2015	\$22,884.12	\$0.00	\$22,884.12	
MICHAEL BEST & FRIEDRICH LLP	Legal Services	1334707	3/11/2015	\$2,676.00	\$0.00	\$2,676.00	
MICHAEL BEST & FRIEDRICH LLP	Legal Services	1331588	2/18/2015	\$2,673.00	\$0.00	\$2,673.00	
MINNESOTA DEPT OF REVENUE	Tax Payments	2014 Estimate	3/11/2015	\$1,764.00	\$0.00	\$1,764.00	
NELSON/NYGAARD CONSULTING	Transportation Planner	10-63358	3/12/2015	\$935.00	\$0.00	\$935.00	
NELSON/NYGAARD CONSULTING	Transportation Planner	09-63227	2/20/2015	\$19,728.91	\$0.00	\$19,728.91	
PERKINS EASTMAN ARCHITECTS, PC	Master Planner	57320.00.0-10	2/17/2015	\$22,672.43	\$0.00	\$22,672.43	
SAM SMITH	Social Media	03-Feb15	2/28/2015	\$5,530.00	\$0.00	\$5,530.00	
SAM SMITH	Social Media	02-Jan15	1/31/2015	\$5,285.00	\$0.00	\$5,285.00	
US TREASURY	Tax Payments	2014 Estimate	3/11/2015	\$2,700.00	\$0.00	\$2,700.00	
WINTHROP & WEINSTINE, P.A.	Professional Services	2014-12	1/21/2015	\$10,000.00	\$0.00	\$10,000.00	
WINTHROP & WEINSTINE, P.A.	Professional Services	2015-01	2/17/2015	\$10,074.91	\$0.00	\$10,074.91	
<b>GRAND TOTAL</b>				<b>\$323,822.05</b>	<b>\$0.00</b>	<b>\$323,822.05</b>	

## 7.0 OTHER INFORMATION

**DESTINATION MEDICAL CENTER CORPORATION****RESOLUTION NO. \_\_-2015****Approving the Revised 2015 EDA Budget and Workplan and Authorizing Transmittal to the City of Rochester****BACKGROUND RECITALS**

A. The Destination Medical Center Corporation ("DMCC") considered and approved the 2015 DMCC Funding Request on September 11, 2014. The 2015 DMCC Funding Request included the DMCC annual budget, the Destination Medical Center Economic Development Agency ("EDA") annual budget, and support costs incurred by the City of Rochester (the "City").

B. The EDA has requested consideration and approval of an amended 2015 annual budget and workplan (attached as Exhibit A). The proposed amendment contains a non-budgeted contract in excess of \$100,000 in the line item entitled EDA Development Management Services (Phase 2). For that category, the EDA contemplates entering into an agreement with Hammes Company for professional services for a term to end on December 31, 2015.

C. Pursuant to the Agreement for DMCC Funding and Support by and between the DMCC and City, dated February 1, 2014, the City has the right to approve non-budgeted contracts in excess of \$100,000, entered into by DMCC.

D. The proposed revised 2015 EDA budget does not exceed the total 2015 DMCC Funding Request approved on September 11, 2014 by the DMCC and on December 15, 2015 by the City.

**RESOLUTION**

**NOW, THEREFORE, BE IT RESOLVED**, by the Destination Medical Center Corporation Board of Directors that the revised 2015 EDA annual budget and workplan dated April 30, 2015 and on file with the DMCC is approved.

**BE IT FURTHER RESOLVED** that the Chair or the Treasurer of the DMCC is authorized to transmit the revised 2015 EDA annual budget and workplan to the City of Rochester and to take such actions as are necessary and appropriate to effectuate the revised 2015 EDA annual budget and workplan.

Exhibit A

**EDA ORIGINAL and REVISED 2015 BUDGET and PROPOSED MAYO SUPPORT**

	Original	Revised		
	EDA 2015 Budget	EDA 2015 Budget	Proposed Mayo Funding	TOTAL
<b>EDA Staff Costs</b>				
Payroll	\$918,000	\$156,000	\$235,000	\$391,000
Benefits	\$367,000	\$62,000	\$94,000	\$156,000
<b>Subtotal</b>	<b>\$1,285,000</b>	<b>\$218,000</b>	<b>\$329,000</b>	<b>\$547,000</b>
<b>EDA Operational Costs</b>				
Rent, Utilities, Office & Equipment Expenses	\$149,000	\$47,600	\$57,000	\$104,600
Payroll Expenses	\$8,000	\$6,000		\$6,000
Website, Drafting and Graphics Support	\$45,000	\$5,000	\$25,000	\$30,000
Miscellaneous Costs	\$20,000	\$20,000		\$20,000
<b>Subtotal</b>	<b>\$222,000</b>	<b>\$79,000</b>	<b>\$82,000</b>	<b>\$161,000</b>
<b>Economic Development Outreach</b>				
Outreach, Print & Collateral	\$185,000	\$43,000		\$43,000
Subscriptions / Professional Organization Memberships	\$6,000	\$5,000		\$5,000
Conferences, Meetings, Sponsorships & Programs	\$85,000	\$40,000		\$40,000
Miscellaneous Costs	\$20,000	\$20,000		\$20,000
<b>Subtotal</b>	<b>\$296,000</b>	<b>\$108,000</b>	<b>\$0</b>	<b>\$108,000</b>
<b>Meeting Expenses</b>				
Room Rental (Board Meetings & Community Meetings)	\$9,000	\$0	\$9,000	\$9,000
Miscellaneous Costs	\$3,000	\$0	\$5,000	\$5,000
<b>Subtotal</b>	<b>\$12,000</b>	<b>\$0</b>	<b>\$14,000</b>	<b>\$14,000</b>
<b>Professional Services</b>				
EDA Development Management Services (Phase 2)	\$0	\$1,860,000		\$1,860,000
Legal Services	\$325,000	\$50,000		\$50,000
Public Relations & Communications	\$180,000	\$210,000		\$210,000
Marketing & Advertising	\$75,000	\$0		\$0
Financial Reporting Services (e.g. tax, audit, econ-fiscal, etc.)	\$125,000	\$40,000		\$40,000
Other Contracted Services / Expenses (e.g. planning, design, transp. / parking)	\$100,000	\$135,000		\$135,000
<b>Subtotal</b>	<b>\$805,000</b>	<b>\$2,295,000</b>	<b>\$0</b>	<b>\$2,295,000</b>
<b>Miscellaneous Costs</b>				
Insurance & Taxes	\$150,000	\$0	\$60,000	\$60,000
Miscellaneous Costs / Contingency	\$30,000	\$100,000	\$100,000	\$200,000
<b>Subtotal</b>	<b>\$180,000</b>	<b>\$100,000</b>	<b>\$160,000</b>	<b>\$260,000</b>
<b>PHASE 2 TOTAL BUDGET</b>	<b>\$2,800,000</b>	<b>\$2,800,000</b>	<b>\$585,000</b>	<b>\$3,385,000</b>

# DEVELOPMENT – 2015/2016

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## Identify, Catalyze and Monitor Real Estate Transactions and Development in the DMC Development District

KEY ACTIVITY	SPECIFIC TASKS
Refine Investment Goals and Priorities for DMC Capital Investments	<ul style="list-style-type: none"> <li>Refine Phase 1 proposed programs for site development and investment</li> <li>Identify potential priority projects for Phase 1, including: <ul style="list-style-type: none"> <li>City projects</li> <li>County projects</li> <li>Private sector projects (Mayo project planning/other private development)</li> </ul> </li> <li>Conduct meetings with stakeholders to determine project schedules</li> <li>Prepare magnitude of investment costs based upon current assumptions</li> <li>Assess anticipated levels of DMC funding (local sources + projected GSIA and STA)</li> </ul>
Facilitate Catalytic Development Planning Efforts with Mayo, City, Other Stakeholders	<ul style="list-style-type: none"> <li>Establish Project Planning Committee (EDA, City, Mayo, other groups as required)</li> <li>Prepare Workplan of project planning and coordination tasks anticipated for priority projects in 2015-2016</li> <li>Coordinate on-going meetings/track action items</li> <li>Coordinate with stakeholder and EDA's marketing and communications team for conducting Development Plan information sessions with the private development community (application process, evaluation criteria, grant writing assistance, etc.)</li> </ul>
Monitor Land Sales and Identify Parcels for Acquisition in the DMC District	<ul style="list-style-type: none"> <li>Create and maintain database of all parcels and owners in the DMC Development District</li> <li>Monitor/Track land sale prices and ownership changes</li> <li>Identify parcels for site assembly for various project sponsors within DMC District</li> <li>Prepare estimates of land acquisition costs based on documented land sales prices and other public information and conduct market analysis, as needed</li> <li>Prepare quarterly report of activity</li> </ul>
Provide Grant Writing Assistance (State, Federal, Local), Tax Credit Application Assistance and Other Funding Sources for Priority Projects	<ul style="list-style-type: none"> <li>Select funding programs applicable to selected priority projects (refer to funding sources list in the Development Plan)</li> <li>Contact/Conduct interviews with selected agencies to confirm funding availability, application deadlines, other requirements</li> <li>Research additional sources of funding (institutions, foundations)</li> <li>Prepare master list of confirmed sources (funding availability, application deadlines, other requirements)</li> <li>Conduct meetings with developers/project sponsors to determine assistance needs</li> <li>Assist in writing grant applications and/or provide supporting documentation</li> <li>Track grant review and award process</li> </ul>
Provide Environmental, Infrastructure, Utility Information to Private Sponsors	<ul style="list-style-type: none"> <li>Compile public data for the DMC District</li> <li>Coordinate with City, County, and State regulatory agencies to identify additional data sources</li> <li>Conduct meetings with private sponsors/identify data needs</li> <li>Provide data and/or act as liaison with regulatory agencies to assist private sponsors in obtaining data</li> <li>Track permitting issues between private sponsors and regulatory agencies</li> </ul>
Monitor Development District Private Development and Forecast Private Expenditures	<ul style="list-style-type: none"> <li>Coordinate with Development Planning Committee to identify proposed private development projects in the DMC District</li> <li>Create database of proposed projects with key data (sponsor, project type, location, estimated costs, schedule, etc.)</li> <li>Track status of projects and prepare quarterly report of activity</li> <li>Coordinate with stakeholders to track projects' qualified expenditures for certification process</li> </ul>



# FINANCE – 2015/2016

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*Develop DMC Funding Program, Manage Finance Plan, Facilitate Project Funding, Provide General Financial Management, Oversight and Reporting*

KEY ACTIVITY	SPECIFIC TASKS
Work with Stakeholders to Resolve City Funding Issues (CIP and O&M Costs and Responsibilities)	<ul style="list-style-type: none"> <li>Review sources and uses for CIP projects in Development Plan with the City</li> <li>Confirm City's priority CIP projects for downtown Rochester and budget</li> <li>Identify opportunities and seek alignment of City's downtown CIP Projects with Development Plan framework for Phase 1</li> <li>Negotiate and reach agreement with the City for Phase 1 CIP projects and O&amp;M responsibilities</li> </ul>
Coordinate with City to Allocate MNDOT Funding	<ul style="list-style-type: none"> <li>Review proposed Broadway Street improvements and budget in Development Plan with City</li> <li>Obtain agreement with City to utilize portion of MNDOT funding for DMC streetscape improvements</li> <li>Support and provide documentation to City to assist in obtaining approvals from MNDOT</li> </ul>
Establish Financial Management Program, Including Selection of Financial Management Software Systems	<ul style="list-style-type: none"> <li>Coordinate with City and DMCC to determine needs of users</li> <li>Determine system compatibility requirements of outside parties</li> <li>Determine reporting/audit requirements under State law, DMCC contract</li> <li>Develop criteria for financial management software</li> <li>Review and select financial management software</li> <li>Develop chart of accounts</li> </ul>
Finalize DMCC Funding Program, Application, Policies and Procedures	<ul style="list-style-type: none"> <li>Identify restrictions, if any, in DEED Grant Agreement with City</li> <li>Work with City and County to establish process for transfer of transit matching funds, including transit reserves in accordance with Development Plan</li> <li>Define terms of fund management (escrow, indenture, etc.)</li> <li>Create terms of fund transfers (grant agreements, loan agreements, including forgivable and revolving loan fund programs)</li> <li>Establish structure for future bond issuance and security packages; including priorities of DMC fund pledges for parity and subordinate grants/loans</li> <li>Review existing City application procedures; structure process to avoid duplication</li> <li>Finalize form of funding application</li> <li>Draft or review/comment on form agreements</li> </ul>
Manage the Master Project Budget, Accounting, Monitor and Control of Financials, and Budget Reporting	<ul style="list-style-type: none"> <li>Establish master project budget</li> <li>Develop process and internal controls for changes to master project budget, including creating forms, identifying approvals</li> <li>Develop process and internal controls for contract administration</li> <li>Develop templates for contract documents</li> <li>Develop process and internal controls for billing and payments</li> </ul>



# FINANCE – 2015/2016

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*Develop DMC Funding Program, Manage Finance Plan, Facilitate Project Funding, Provide General Financial Management, Oversight and Reporting*

KEY ACTIVITY	SPECIFIC TASKS
Conduct Financial Feasibility Analysis for Individual Projects	<ul style="list-style-type: none"> <li>Review project proformas and other financial/market data submitted by applicants for DMC funding</li> <li>Review assumptions and perform gap analysis to confirm need for DMC funding</li> <li>Prepare report of feasibility analysis findings for DMCC, City</li> </ul>
Validate Fiscal and Economic Impact Analysis for Individual Projects	<ul style="list-style-type: none"> <li>Engage econ/fiscal impact service provider to review project sponsor's projections and prepare independent analysis</li> <li>Review and approve analysis prepared by service provider</li> <li>Communicate findings with project sponsor and oversee revisions to sponsor's projections as required</li> </ul>
Operationalize Underwriting Structure for Investment	<ul style="list-style-type: none"> <li>Monitor implementation of projects for conformance with project plans approved by the DMCC and the City</li> <li>Conduct reviews of project sponsors' submission of reports and other documentation required by the DMC funding agreements</li> <li>Prepare monthly status reports of DMC investments for DMCC, City</li> </ul>
Coordination of DMC Aid Estimates (State Budgeting Process)	<ul style="list-style-type: none"> <li>Update Development Plan expenditure assumptions</li> <li>Communicate with State departments regarding assumptions for semi-annual State budget forecasts</li> </ul>
Oversee Auditing of DMCC/EDA Funding Expenditures	<ul style="list-style-type: none"> <li>Engage auditor to conduct annual audit of expenditures</li> <li>Provide financial records and other supporting documentation to assist auditors</li> <li>Review and approve audit report/submit to DMCC and City</li> </ul>
Implement Financial Management Workplan	<ul style="list-style-type: none"> <li>Monitor actual to projected performance of Workplan activities</li> <li>Identify improvement opportunities/adjust Workplan as required</li> </ul>
Prepare Financial Reporting for all Contracts Executed for the DMCC Project, Including Payments to the EDA and Consultants	<ul style="list-style-type: none"> <li>Identify and create relevant financial reports to suit user needs</li> <li>Develop and prepare monthly progress report</li> </ul>





# BUSINESS/ECONOMIC DEVELOPMENT – 2015/2016

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## Identify Potential Private Project Sponsors/Other Partners and Increase Awareness of Strategic and Economic Benefits of DMC

KEY ACTIVITY	SPECIFIC TASKS
Prepare Comprehensive Business Development Implementation Plan and Workplan	<ul style="list-style-type: none"> <li>Research strategies and programs of comparable economic development agencies</li> <li>Conduct SWOT analysis/assess core competencies for incorporation into the Workplan</li> <li>Coordinate with Mayo Clinic, City, and County and establish goals for the Workplan (Phase 1)</li> <li>Prepare annual goal/tasks for each year in Phase 1 and establish metrics to measure annual performance</li> <li>Evaluate year-end outcomes and update the Workplan the beginning of each new year</li> </ul>
Research Current/Emerging Investment Trends in Bio/Med/Tech, Health Sciences	<ul style="list-style-type: none"> <li>Identify key information sources (professional organizations, institutions, companies and industry groups, investors, industry conferences) to develop shortlist of target companies</li> <li>Host focus groups with potential partners/companies and advisors to develop understanding of needs/demands to attract uses to market</li> <li>Prepare white paper of findings and recommendations for circulation to the DMCC and other stakeholders</li> </ul>
Create Target Markets, With Focus on Bio/Med/Tech Partners	<ul style="list-style-type: none"> <li>Structure partnership with Mayo Clinic to promote the bio-med-tech economy in Rochester</li> <li>Identify potential partners for business development, investment, and development of the bio-med-tech economy and Discovery Square concept</li> <li>Prepare priority list of bio-tech-med markets and partners (based on research findings) for Mayo Clinic and DMCC approval</li> <li>Develop near-term/long-term tactical strategic plan working in collaboration with the DMCC and Mayo Clinic to solicit companies, entrepreneurs and technologies to Rochester</li> </ul>
Coordination with Rochester Area Economic Development, Inc. (RAEDI) and Other Local, State and National Economic Development Organizations	<ul style="list-style-type: none"> <li>Structure partnership and/or coalitions with Mayo Clinic, RAEDI, Life Science Alley, DEED, and other organizations to attract investment and technology to the market</li> <li>Work with groups to identify business gaps, uses and/or other growth opportunities in the market</li> <li>Create a committee structure for coordinated activities</li> <li>Track progress of coalition activities and prepare quarterly reports</li> </ul>
Facilitate Communications with Project Sponsors	<ul style="list-style-type: none"> <li>Establish communication protocols and meeting schedules with project sponsors</li> <li>Document communications, follow-up/action items with sponsors</li> <li>Coordinate with marketing and communications team to support messaging and development of marketing collateral materials</li> </ul>
Provide Site Location Information and Support to Potential Private Project Sponsors and Economic Development Partners	<ul style="list-style-type: none"> <li>Coordinate with EDA Development Team, City, County, and State and identify key site information/data points including demographic, economic and social data, etc.</li> <li>Assemble key data relevant to potential investors and project sponsors</li> <li>Coordinate with marketing and communications team and prepare/distribute site information packages for potential project sponsors and investors</li> </ul>
Assist in Evaluating Partnerships for Investment (Including Start-Ups, Business Incubators, Established Companies)	<ul style="list-style-type: none"> <li>Prepare evaluation criteria and scorecard to prioritize and rank potential partnerships</li> <li>Identify transactional service needs and/or funding requirements to assist potential partners and projects</li> <li>Identify other funding programs and develop grant/funding proposals for national/charitable funds to support investment in the bio-med-tech market in Rochester</li> </ul>
Track and Report on Economic and Fiscal Impacts Occurring in the DMC Development District	<ul style="list-style-type: none"> <li>Coordinate with EDA Executive Director on scope of work for econ/fiscal service provider responsible for preparing impact analysis</li> <li>Provide project information/data as needed to assist the service provider in preparing the analysis</li> <li>Review and provide comments on impact findings</li> <li>Prepare annual summary report of econ/fiscal impacts within the DMC District</li> </ul>



# COMMUNITY RELATIONS – 2015/2016

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*Connect the Vision and Strategies of DMC Development Plan to Local and Regional Constituencies*

KEY ACTIVITY	SPECIFIC TASKS
Further Develop Comprehensive Community Outreach Implementation and Workplan	<ul style="list-style-type: none"> <li>Review and refine Workplan, including addition of outreach-advisory processes for core areas of focus and core/fringe neighborhoods</li> <li>Create program-level evaluation metrics</li> <li>Evaluate and revise Workplan throughout program implementation</li> </ul>
Develop Key Stakeholder Engagement Process	<ul style="list-style-type: none"> <li>Identify and convene key stakeholders for community outreach/advisory committee</li> <li>Establish a comprehensive community outreach communications strategy, including multiple channels (public forums, interactive and user friendly website with social media portals for information sharing and feedback gathering, newsletter of events and upcoming meetings, etc.)</li> <li>Communicate a clear process and expectations for informed decision-making and collaborative feedback with residents through existing communication tools</li> </ul>
Manage Ongoing Community Meetings and Dialogs	<ul style="list-style-type: none"> <li>Convene monthly speakers bureau meetings</li> <li>Continue community presentations and dialogs, update toolkits</li> <li>Oversee social media, newsletter and blog posts</li> <li>Host public forums/gatherings (identify if needed per DMC project)</li> <li>Work with elected representatives to inform ward constituents</li> <li>Partner with other planning initiatives to incorporate DMC messages/updates within community dialog</li> <li>Provide a process to gather ongoing input and feedback on the strategies, projects, and performance of DMC initiative and to react to concerns</li> </ul>
Conduct Research on Targeted Growth and Target Markets	<ul style="list-style-type: none"> <li>Conduct research and interviews with local and regional interest groups and thought leaders about the expected impacts of DMC for Phase 1</li> <li>Provide a process to gather ongoing feedback on the strategies, projects, and performance of each core area, including targeted businesses</li> </ul>
Support Strategic Priorities	<ul style="list-style-type: none"> <li>Communicate goals for targeted business programs, including minority-owned, women-owned, small and local business initiatives</li> <li>Identify existing diversity programs and utilize Community Outreach strategies to reach diverse populations</li> <li>Collaborate with workforce initiatives to identify/inform on DMC workforce needs</li> <li>Identify existing, or develop new, programs and services to support start-up business</li> <li>Identify strategies to foster sustainability and growth of existing local businesses</li> <li>Promote awareness of the DMC Funding Program</li> </ul>
Facilitate Collaboration for a Regional Economy	<ul style="list-style-type: none"> <li>Coordinate community outreach strategies with Mayo Clinic</li> <li>Collaborate with Twin Cities partners for consistent messaging and quality input</li> <li>Partner with Southern Minnesota Initiative Foundation (SMIF) and other regional/national organizations to collaborate on regional economic and quality of life strategies</li> <li>Provide a process to gather ongoing information on the regional strategies for economic development, including those tied to the Twin Cities economy</li> </ul>



# MARKETING/COMMUNICATIONS— 2015/2016

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## Establish and Manage the DMC Brand, Create Marketing Materials

KEY ACTIVITY	SPECIFIC TASKS
Develop Public Relations Strategy and Workplan, Foster Relationships with Media	<ul style="list-style-type: none"> <li>Develop immediate story pitches for local media around Development Plan approval, public process, new hires, Mayo/City project plan</li> <li>Engage communications/public relations consultant</li> <li>Prepare long-term Workplan</li> <li>Identify publications, other media outlets, events, and organizations to promote the DMC</li> <li>Develop national and international relationships with journalists, elected officials, industry thought leaders</li> <li>Establish metrics and monitor implementation</li> <li>Collaborate with Mayo team for national news stories to ensure DMC messages are incorporated in Mayo media opportunities</li> </ul>
Prepare Comprehensive Marketing and Communications Implementation Plan and Workplan	<ul style="list-style-type: none"> <li>Refine 2015 and 2016 marketing and communication goals (national and international launch)</li> <li>Prepare procedures for managing social media, website and blogs</li> <li>Establish metrics and monitor implementation</li> </ul>
Formalize Partnerships and Joint Marketing Initiatives with Key Stakeholders	<ul style="list-style-type: none"> <li>Create "Market Rochester" cross-functional team</li> <li>Invite key community organizations to partner</li> <li>Set goals and facilitate monthly meetings, track progress</li> <li>Build processes and portal for information sharing, monitor/update content</li> </ul>
Select Marketing Consultant and Oversee Preparation of Marketing and Collateral Materials	<ul style="list-style-type: none"> <li>Define scope of work for marketing consultant</li> <li>Draft RFP, conduct interviews, negotiate and execute contract</li> <li>Align goals with Development Plan and "Market Rochester" team</li> <li>Oversee design of materials, including promotional, publicity, and other informational materials</li> </ul>
Coordinate Establishment of "DMC Brand"	<ul style="list-style-type: none"> <li>Oversee development of brand guidelines</li> <li>Ensure all materials use brand "voice"</li> <li>Develop compelling collateral materials</li> <li>Develop brand story based on the DMC Mission</li> <li>Test brand concepts, including one "global DMC" brand, with Rochester economic development organizations and target audiences</li> <li>Oversee development of a logo concept and determine best branding option guidelines and protocols to protect the brand (e.g. copyright and brand stewardship)</li> </ul>
Coordinate Attendance, Visibility and Sponsorship for Key Conferences, Activities (Local, Regional, National, Intl)	<ul style="list-style-type: none"> <li>Build calendar of events in conjunction with "Market Rochester" team</li> <li>Develop compelling visuals and marketing collateral to promote the DMC at conferences and other events</li> <li>Prepare collateral materials for June 2015 Bio conference</li> </ul>
Identify Promotional and Sponsorship Opportunities and Facilitate Initiatives	<ul style="list-style-type: none"> <li>Identify target sponsorships, event schedules and conferences</li> <li>Oversee development of DMC informational materials</li> <li>Identify corporate sponsors and donors for specific components or projects in the DMC Development Plan</li> <li>Promote/host annual events to attract potential investors and project sponsors</li> <li>Identify/secure national and international speaking opportunities for EDA/DMCC leaders</li> <li>Identify primary and secondary conferences and conventions attended by target investors and project sponsors</li> </ul>
Target Materials to Developers, Investors and Other Partners, with Emphasis on Bio/Med/ Tech	<ul style="list-style-type: none"> <li>Prepare pursuit list of key targets</li> <li>Create presentations, webinars, and collateral for outreach</li> <li>Schedule meetings with key associations/groups/professional associations</li> <li>Develop follow-up process for key audiences and provide additional information as required</li> </ul>



# PLANNING— 2015/2016

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## Oversee Initial Planning and Development Plan Implementation Efforts

KEY ACTIVITY	SPECIFIC TASKS
Coordinate Revisions of and Approval Process for the Development Plan	<ul style="list-style-type: none"> <li>Track City, other stakeholder comments and respond, as necessary</li> <li>Meetings with DMCC regarding City comments and open issues in respect of Finance Plan</li> <li>Prepare EDA/DMCC report of Development Plan comments</li> <li>Coordinate with staff and DMCC board for decisions on revisions</li> <li>Coordinate with planning team for final revisions</li> <li>Schedule DMCC public hearing, create agenda, materials, etc.</li> <li>Preparation of final Development Plan for approval</li> <li>Coordinate with DMCC on approval resolution</li> </ul>
Cooperate with Mayo and City Regarding Project Plan for Dev. Plan Phase 1 for Discovery Square, Heart of the City Projects	<ul style="list-style-type: none"> <li>Attend meetings with Mayo and planning team, as requested</li> <li>Supply DMC Market Data to Mayo and City</li> </ul>
Coordinate Scheduling and Materials for DMCC/EDA Board Meetings	<ul style="list-style-type: none"> <li>Assist in DMCC, EDA meeting coordination</li> <li>Develop agenda, materials, resolutions, and presentations for board meetings and stakeholder meetings</li> <li>Facilitate posting of material if required</li> </ul>
Coordinate Integration of Development Plan with the City Comprehensive Plan, Ordinances, Policies	<ul style="list-style-type: none"> <li>Attend regular City comprehensive planning meetings</li> <li>Review components of City comprehensive plan and recommend solutions for integration</li> </ul>
Coordinate with City of Rochester Initiatives, Including Airport Authority, UMR and Other Citywide Initiatives, and City Technical Staff	<ul style="list-style-type: none"> <li>Facilitate monthly coordination meetings with airport authority to continue to align with current initiatives</li> <li>Facilitate monthly coordination meetings with UMR planning and development staff to align with current initiatives</li> <li>Continue City technical meetings to discuss sewer, utility and water coordination, as well as street infrastructure planning</li> </ul>
Assist DMCC, City in Establishing Programs and Policies in Support of the Development Plan Programs	<ul style="list-style-type: none"> <li>Affordable housing program</li> <li>Workforce development program</li> <li>Sustainability program</li> <li>Historic preservation program</li> <li>MBE/WBE/LBE/SBE/VBE participation program</li> </ul>
Initiate and Manage Preliminary Engineering Studies/Concept Designs for Dev. Plan Phase 1 Transportation and Infrastructure Plans	<ul style="list-style-type: none"> <li>Develop consultant scope of work</li> <li>Establish process for retention of consultants</li> <li>Negotiate contracts</li> <li>Develop a comprehensive Workplan for Phase 1 Studies</li> </ul>
Establish Transit Management Authority	<ul style="list-style-type: none"> <li>Form key stakeholder group for formation of the TMA</li> <li>Develop TMA scope of responsibilities (e.g. parking authority and transit authority) and implementation plan</li> <li>Develop TMA policies and operating procedures</li> <li>Create job description and hire TMA operating director</li> </ul>
Coordinate Master Signage/Wayfinding Plan for City	<ul style="list-style-type: none"> <li>Coordinate with City, transportation consultants to define key objectives</li> <li>Facilitate meetings among key stakeholders</li> <li>Integrate program requirements into DMC contracts, City plans/ordinances</li> </ul>



# OPERATIONS – 2015/2016

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*Establish Policies/Procedures and Provide General Management and Staff Oversight, Reporting and Implementation of the DMC Development Plan*

KEY ACTIVITY	SPECIFIC TASKS
Prepare Comprehensive EDA Operations Implementation Program and Workplan for Phase 2	<ul style="list-style-type: none"> <li>Refine and finalize operational services under DMCC contract</li> <li>Refine and finalize organizational structure and staffing plan</li> <li>Coordinate and monitor work plans for each Implementation Program</li> <li>Manage overall project schedule for target completion and transition in year 2016</li> </ul>
Interface with Mayo Clinic, Other Stakeholders	<ul style="list-style-type: none"> <li>Facilitate meetings and other communications</li> <li>Establish process to respond to data/information requests</li> <li>Troubleshoot policy and technical issues that arise</li> </ul>
Monitor Annual Certification Process of Qualified Expenditures	<ul style="list-style-type: none"> <li>Coordinate with Mayo Clinic to review process for determining annual qualified expenditures</li> <li>Review, monitor City/DEED contract for restrictions inconsistent with DMC Act</li> <li>Meet with City to develop process for determining qualified expenditures, including "lookback" prior to adoption of Development Plan</li> </ul>
Prepare Monthly and Annual EDA/DMCC Reports, Manage Other Operational and Reporting Responsibilities of the EDA as Required by the DMC Act	<ul style="list-style-type: none"> <li>Prepare monthly EDA reports submitted the 5th of each month</li> <li>Create financial report</li> <li>Update milestone schedule monthly</li> <li>Facilitate public Data Practices Act requests</li> <li>Provide information for the DMCC Annual Report</li> <li>Create quarterly community report (similar to RAEDI report)</li> </ul>
Establish EDA Policy/Procedures Manuals, Wage/Benefits Packages	<ul style="list-style-type: none"> <li>Develop EDA policies and procedures and administration manuals for each department, including:                             <ul style="list-style-type: none"> <li>Job descriptions</li> <li>EEO, anti-harassment, ADA, performance, and other HR policies</li> <li>Wage and benefits packages</li> <li>Data collection procedures</li> </ul> </li> </ul>
Establish EDA Project Office/Staff Recruitment	<ul style="list-style-type: none"> <li>Confirm leasing budget, negotiate lease agreement</li> <li>Assess and secure necessary insurance coverages</li> <li>Revise, finalize job descriptions consistent with scope of work in DMCC Contract</li> <li>Establish evaluation criteria for each position</li> <li>Identify outlets for distribution of job listings; distribute, post job listings</li> <li>Screen resumes, select candidates for interviews</li> <li>Conduct first interviews; prioritize candidates</li> <li>Prepare offers; negotiate terms for each position</li> </ul>
Analyze Applications for DMC Funding/ Prepare DMC Funding Evaluation Reports	<ul style="list-style-type: none"> <li>Finalize forms of evaluation report for City/DMCC</li> <li>Determine methodology for feasibility study evaluation</li> <li>Determine methodology for verifying job projections</li> <li>Establish tracking forms for funding requests/timeline for evaluation process</li> <li>Coordinate with City to alleviate duplicative analyses</li> <li>Finalize DMCC/City approval procedures, including timeline</li> <li>Establish appeals process for projects denied DMC funding</li> </ul>



# OPERATIONS – 2015/2016)

DRAFT

*Establish Policies/Procedures and Provide General Management and Staff Oversight, Reporting and Implementation of the DMC Development Plan*

KEY ACTIVITY	SPECIFIC TASKS
Manage and Oversee Subconsultants, Contracts	<ul style="list-style-type: none"><li>• Redefine scope of work for all subconsultants</li><li>• Prepare RFP for subconsultants, as needed</li><li>• Interview, select subconsultants</li><li>• Negotiate and execute contracts</li></ul>
Prepare EDA Operational Workplan for Phase 3	<ul style="list-style-type: none"><li>• Draft operational work plan for Phase 3, pending outcomes from Phase 2 planning and market development developments</li></ul>
Monitor Covenants of DMC Fund Loans/ Grants	<ul style="list-style-type: none"><li>• Establish checklist of grant/loan program requirements</li><li>• Establish audit process for compliance with covenants</li><li>• Review annual certifications/reporting requirements</li></ul>
Track and Report Workforce Development Achievements	<ul style="list-style-type: none"><li>• Assist in establishing work force development goals</li><li>• Develop tracking method</li><li>• Develop reporting procedures</li></ul>



**DESTINATION MEDICAL CENTER CORPORATION****RESOLUTION NO. \_\_-2015****Approving the Acquisition of the Chateau Theater Building****BACKGROUND RECITALS**

A. Under Minnesota Statutes, Section 469.41, Subdivision 13, a project must be approved by the Destination Medical Center Corporation (“DMCC”) before it is proposed to the City of Rochester (the “City”). The DMCC must review the project proposal for consistency with the adopted Development Plan.

B. By correspondence to the DMCC dated April 20, 2015, the City indicated that it has entered into a purchase agreement with the owner of the Chateau Theater building for a purchase price of \$6 million, of which Mayo Clinic has agreed to donate \$500,000 to the City for the acquisition. The City has a due diligence period of up to sixty (60) days upon execution of the purchase agreement to acquire the building or decline the purchase. During this time, the City intends to complete its due diligence and to discuss the project with the DMCC.

C. The Chateau Theater building is located in the development district boundaries and in the “Heart of the City” district as described in the Development Plan, adopted on April 23, 2015.

D. The City requests that the DMCC approve the acquisition of the Chateau Theater building as a proposed project, and that the City expenditures in the amount of \$5.5 million be credited to the City’s \$128 million local contribution.

E. The City requests further that the DMCC work in partnership with the Destination Medical Center Economic Development Agency (“EDA”), Mayo Clinic, and the City to determine the best use of the Chateau Theater building to advance the vision of the Heart of the City district.

F. Because of its integral location in the Heart of the City district, the City contemplates that as future funds are necessary for the rehabilitation and reuse of the Chateau Theater building, further funding requests will be made to the DMCC.

G. The City has completed an examination of the proposed project applying the evaluation factors contained in the Development Plan.

H. Minnesota Statutes, Section 469.40, subdivision 11, defines “public infrastructure project” as: “a project financed in part or in whole with public money in order to support the medical business entity's development plans, as identified in the DMCC development plan” and expressly includes, among other items, the ability to “acquire real property and other assets associated with the real property . . . .”

## RESOLUTION

**NOW, THEREFORE, BE IT RESOLVED**, by the Destination Medical Center Corporation Board of Directors, that the DMCC finds that the Chateau Theater building is located within the development district boundaries, as identified in the Development Plan adopted on April 23, 2015.

**BE IT FURTHER RESOLVED**, that the DMCC finds that the acquisition of the Chateau Theater building is a public infrastructure project within the meaning of Minnesota Statutes, Section 469.40, subdivision 11, which provides for the acquisition of real property and other assets associated with the real property and that the DMCC approves the proposed acquisition of the Chateau Theater building as consistent with the Development Plan, subject to the City's final approval and acquisition of the building.

**BE IT FURTHER RESOLVED**, that the DMCC approves the proposed acquisition of the Chateau Theater building for the purposes of Minnesota Statutes, Section 469.47, subdivision 4, and upon final approval of the acquisition by the City of Rochester, supports the certification of the City's expenditures identified in the City's correspondence, dated April 20, 2015, subject to the approval and certification of the State of Minnesota, Department of Employment and Economic Development, as part of the City's \$128 million contribution.

**BE IT FURTHER RESOLVED**, that the DMCC requests the City to provide an update as it completes its due diligence and notify the DMCC upon final approval and acquisition of the Chateau Theater building by the City.

**BE IT FURTHER RESOLVED**, that the DMCC commends the City and Mayo Clinic for their cooperative work and initiative in the proposed acquisition of the Chateau Theater building, and securing the opportunity to enhance the Heart of the City district, and pledges its commitment to work with the City and Mayo Clinic to determine the best use for this building.

**BE IT FURTHER RESOLVED**, that the Chair or the Treasurer of the DMCC is authorized to take such actions as are necessary and appropriate to effectuate the findings and approvals of this Resolution.





Mayor Ardeell F. Brede  
201 4th Street SE – Room 281  
Rochester, MN 55904-3782  
Phone: (507) 328-2700 Fax: (507) 328-2727



April 20, 2015

Tina Smith  
Chair  
Destination Medical Center Corporation

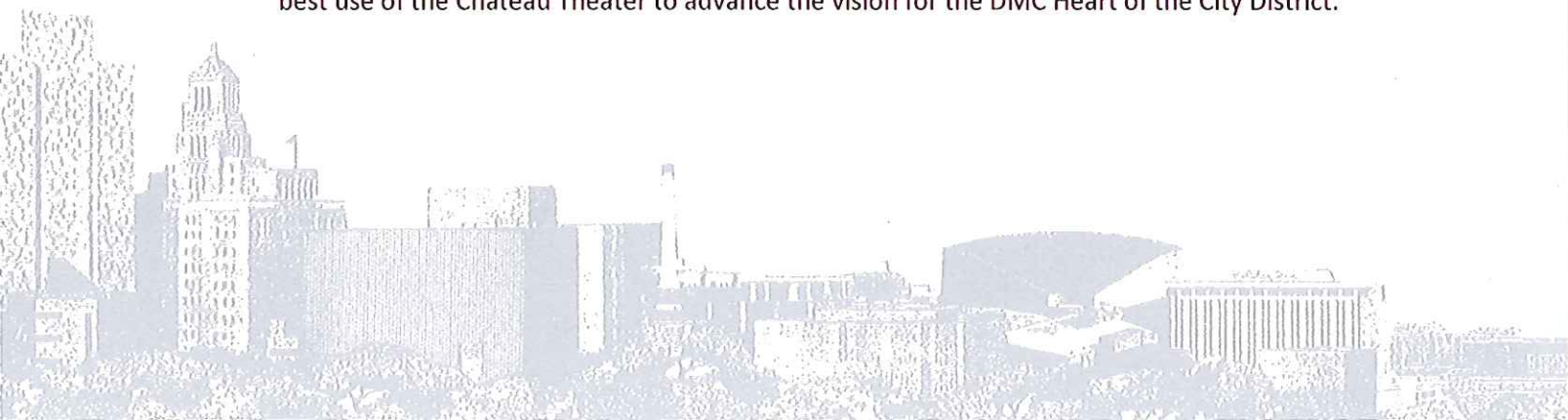
Re: Chateau Theater Building

Dear Tina and DMCC Boardmembers:

As we have previously discussed with the Board, the City of Rochester, with the gracious assistance of Mayo Clinic, has entered into a purchase agreement for the Chateau Theater in the DMC Heart of the City District. The City will have a 60 day due diligence period to further inspect the building and to refer and discuss this purchase with the DMCC Board at your April 30 meeting for potential approval as a DMC Development Plan Project. Approval by the DMCC Board is necessary to allow the City to fund the acquisition costs with the approved DMC funding sources included in the legislation, specifically the 0.25% sales tax. If the City receives the approval of the DMCC Board and completes the purchase by closing on this transaction, then the City would begin the process to discuss in partnership with the DMCC Board, DMC EDA, Mayo Clinic and the community the best and most appropriate future usage of this building to address the vision for the Heart of the City District to "achieve the highest quality patient, companion, visitor, employee and resident experience, now and in the future". For convenience, we have attached the evaluation of the Chateau Theater as a DMC Development Plan project that we provided previously.


The City is requesting that:

1. The DMCC Board approve the acquisition of the Chateau Theater and the future funding needed for the reuse of the property as an attraction and a destination in the Heart of the City District as a DMC Development Plan project.
2. Provide approval to allow credit for any City expenditures for the acquisition and re-use/renovation towards the City's \$128 million local contribution. This would not apply to Mayo funding or any DMCC GSIA funding that is used for reuse/renovation.
3. The DMCC Board, DMC EDA work in partnership with the City and Mayo Clinic to determine the best use of the Chateau Theater to advance the vision for the DMC Heart of the City District.



The City is very pleased and excited that we have this opportunity to acquire this important property and to be able to plan its future re-use in partnership with the DMCC Board and the DMC EDA as an initial project to fulfill the DMC Vision. We look forward to working with you.

On behalf of the Mayor and City Council



Randy Staver  
Rochester City Council President

C: Mayor and City Council

Kathleen Lamb  
Jeff Bolton  
Lisa Clarke  
Stevan Kvenvold  
Gary Neumann  
Terry Spaeth

# Memorandum

**To:** DMCC Board

**From:** Terry Spaeth, City Administration

**Date:** April 13, 2015

**Subject:** Chateau Theater Purchase Project Evaluation

This project evaluation report is being prepared for the DMCC Board's information and consideration for approval of this project as a DMC Development Plan project.

## **Request from the City of Rochester to DMCC Board**

At this time, the City of Rochester is requesting the DMCC Board's approval of the Chateau Theater as a DMCC Project. The City is also requesting that the City share of purchase related costs and future costs related to the use of the building project qualifies for DMC funding credit by the DMCC Board.

## **Project Background**

Several months ago, the iconic Chateau Theater building came up for sale and the City approached the owner about the possible purchase of the property. The parties have negotiated the terms a Purchase Agreement, which the Rochester City Council recently approved. The purchase price of the property is \$ 6 million, of which the Mayo Clinic has agreed to donate \$500,000 to the City to assist with the purchase. See attached Request for Council Action from 4/6/15 Council meeting.

The historic Chateau Theater was constructed in 1927, and was listed on the National Register of Historic Places in 1980. It has previously been used for vaudeville performances, movie theater, and most recently had been leased by Barnes & Noble as a bookstore. That lease terminated at year end 2014 and the property was then put up for sale or lease. The building footprint is approximately 11,500 square feet. Over the years there have been interior modifications to the building, and a suspended 2<sup>nd</sup> floor was constructed to accommodate the Barnes & Noble bookstore, so presently there is approximately 23,000 square feet of leasable area.

## **Project review in consideration of DMC Development Plan Evaluation Criteria**



**1. Is the project consistent with the DMC vision, goals and objectives? Is it critical to driving the strategies included in the Development Plan?**

This Development Plan is a strategic framework to guide the DMC Initiative and direct public funds and incent private investments to accomplish certain specific goals and objectives and to realize the DMC vision. The following has been established to assist in the evaluation of projects against these critical elements of the structure:

**a. Is the project consistent with the stated DMC Goals & Objectives?**

- Does the project meet one or more of the goals and objectives established approved for the Development Plan?

**The DMC Goals are stated as follows:**

The DMC Initiative is an economic development strategy established to achieve specific goals adapted by the DMC Corporation (DMCC) Board.

- Create a comprehensive strategic plan with a compelling vision that harnesses the energy and creativity of the entire community
- Leverage the \$585 million public investment to attract more than \$5 billion in private investments over a 20-year period to Rochester and the region
- Create 35,000 – 45,000 new jobs, with workforce development strategies in support of that growth over a 20-year period
- Generate \$7.5 - \$8.0 billion in new tax revenue over 35 years
- Achieve the highest quality patient, companion, visitor, employee, and resident experience- now and in the future.

**Response:**

Yes. This is a very unique opportunity to acquire a “gem” in the heart of the downtown and have control over how it is used in a manner that is consistent with the goals and objectives of the DMC initiative. While at this time, a specific use of the Chateau has not been identified, the acquisition of the property by the City and participation and partnership with the DMCC Board and DMC EDA ensures that the end use will be consistent with the goal of achieving the highest quality patient, companion, visitor, employee and resident experience-now and in the future. The thought is that the end use of the building will be an attraction and a destination within the heart of the City. The possibilities are many as of now, and creative vision will be at the heart of decision making regarding the use of the property.

**b. Is the project consistent with the DMC Vision?**

- Is the project part of a bold and aspirational concept for the future?
- Does the project fit with the principles of the vision?
- Does the project provide a framework for growth in this sub-district?

**Response:**

**Chateau Theater acquisition attributes that comply with the DMC vision:**

As stated, with creative vision, the Chateau Theater property will be an attraction destination in the heart of the City. With the potential for uses such as performing arts, it can be a dynamic destination for visitors and the community that has the potential to provide positive economic benefits to surrounding businesses.

**c. Does the project build infrastructure to support growth and drive investment?**

Response: N/A.

- **Would the investment occur without the public infrastructure to be funded?**

Response: It is unknown what may become of the Chateau Theater property, if the City does not acquire it. A potential buyer or tenant could possibly establish a use on the property that does little, if anything, to help realize the DMC vision. For that reason, it seems important for the City to acquire the property and work with the DMCC Board and DMC EDA to ensure it is a vital piece in the DMC Heart of the City vision.

- **Will the public funding accelerate private investment in the Development District or applicable sub-district?**

Response: It is believed that the public funding will accelerate private investment in the sub-district. Potential spinoff business and existing business expansion is anticipated in the future as a result of this acquisition.

**d. Does the project provide a catalyst for /or anchor for an approved strategy?**

- **Can the project reasonably be expected to catalyze or anchor development in one of the six sub-districts?**

Response: Yes. As a cultural anchor in the Peace Plaza, it is reasonable to expect that the end use of the building will be a use that will generate significant activity that can be catalyzed into further development and activity in that key location.

- **Can the project reasonably be expected to catalyze necessary transportation/transit strategies?**

Response: N/A.

**2. Is the project consistent with the Development Plan (and any updates thereto) and other relevant planning documents?**

The Development Plan includes a Master Plan (Section 6.0) Transportation Plan (Section 7.0) and Infrastructure Plan (Section 8.0) establishing a planning framework for the project. The Development Plan also includes Finance Plan, Business Development Plan and Implementation Strategies that serve as the business and finance framework of this Development Plan. The Development Plan also conforms to the general plan for the development of the City and conforms to specific City planning documents. The specific questions to be explored include:

**a. Is the project consistent with DMC Planning Documents?**

Response: Yes, the DMC Development Plan recognizes the Chateau Theater as a historic landmark that enriches the cultural fabric of the downtown.

- **Is the project consistent with the adopted DMC Master Plan, Transportation Master Plan and/or Infrastructure Master Plan?**

Response: Yes.

- **Is the project consistent and/or supportive of the Finance Plan, Business Development Plan and other Implementation strategies of the DMC?**

Response: Yes. Civic Uses, Public Spaces and Cultural Amenities are identified as one of the uses of funding, within the DMC Finance Plan. The Chateau Theater is a cultural amenity, in which the acquisition thereof would be consistent with various elements of the DMC Plan

**b. Is the project consistent with the City/County Planning?**

- **Is the project consistent with the RDMP Plan or City Comprehensive Plan?**

Response: Yes. The RDMP Plan identifies the property location as being within the "Main Street Mixed Use" district that promotes walkable, active mixed use development.

- **If a Transit/Transportation project, is the project consistent with the ROCOG long-range Transportation Plan?**

N/A

**3. Is the project consistent with adopted strategies and/or one or more projects for the current implementation of the DMC initiatives?**  
**DMC Principles**

- **A series of memorable experiences that appeal to a wide audience**

Response: The Chateau Theater acquisition has great potential for creating memorable experiences for a wide audience including visitors, employees and citizens, and that is a main reason why the City is undertaking this acquisition.

- **Iconic places and attractions where people want to be**

Response: The Chateau Theater is located on the Peace Plaza, which is a gathering place for the community. The Chateau Theater has significant potential to be an iconic gathering place, as it has been in the past.

- **Cultural offerings and venues that cannot be experienced anywhere else in the area.**

Response: The uniqueness of the Chateau Theater is a unique venue that lends itself the opportunity to provide offerings that can't be experienced elsewhere in the area.

- **Compact and walkable streets and public spaces that are accessible and connected throughout the heart of downtown.**

Response: The Chateau Theater is connected to the skyway system and on the Peace Plaza, providing for excellent connection in the heart of the downtown.

**a. Is the project part of an approved strategy and current focus?**

Response: Yes. It is consistent with the strategy to create a dynamic and accessible urban core in the Heart of the City. The Chateau Theater is a unique attraction and venue that also can provide unique programming opportunities to create a dynamic urban core.

- **Is the project outlined as an approved strategy for the project within the Development Plan?**

Response: Yes, the Chateau Theater acquisition lies within the DMC Development Plan identified core area related to retail, dining and entertainment.

- **Is the project recommended as a focus for the particular phase of the project in the Development Plan?**

Response: The Plan provides for flexibility as unique opportunities or circumstances arise, and the Chateau Theater acquisition is believed to be a unique opportunity as a Heart of the City initiative and Phase I project.

**b. Is the project consistent with the DMC-CIP?**

Response: Yes, in that it is consistent with the DMC-CIP priority # 1, in that it can be a catalyst to support the development of the Heart of the City subdistrict.

- **If public, is the project specifically listed in the DMC-CIP? Or is the project necessary to facilitate a DMC related strategy?**

Response: Yes. As mentioned previously, this can be a catalyst project.

- **If private, is the project otherwise compatible with the planned public improvements in the DMC-CIP?**

Response: N/A

#### **4. Is the project financially viable?**

At this time, no specific use of the building has been identified, so therefore there is not any specific information pertaining to the economic viability to be provided. It is anticipated that the City, DMC EDA and DMCC Board will be working cooperatively to determine the use of the building and how it will be financially sustained. As mentioned previously, the undertaking of the Chateau Theater acquisition is being done to ensure the preservation of the iconic building and provide for a use that is consistent with and integral to the DMC vision.

#### **5. Does the project comply with or support the economic fiscal goals and objectives of the DMC initiative?**

Response: Yes. Based upon the premises of preserving a local landmark building, with the vision that the end use will be a catalyst to support the development of the Heart of the City subdistrict.

#### **6. Other Considerations**

A summary will be provided of other considerations that the DMCC Board may take into account when evaluating projects. These include:

- a. Is the project inside the DMC Development District?

To be funded, projects must be within the boundaries of the DMC Development District. From time to time, the DMCC and City may consider expanding the DMC Development District to support the execution of specific projects or strategies that are outside of the current boundaries. The DMCC and City may choose to do this by amending the current Development District or creating a new district, which may or may not be contiguous to the existing Development Districts or Sub-districts. An amendment can happen at any time, but it is recommended that it only be done with an accompanying project request. The criteria to be considered include:



Are the recommended changes:

- Limited to the area required to support the project request?
- Consistent with the core strategies and planning documents?
- Essential to the strategies and/or catalytic to growth under the DMC Development Plan

b. Are there specific policies the DMCC wishes to include/consider as implementation of the DMC Development Plan moves forward?

During the implementation phase of the DMC Initiative, the DMCC and/or City may wish to provide special consideration to projects with certain social and/or community benefits that are not specifically required by the DMC Act. The prioritization of these considerations within the DMC Development Plan and the role of the DMCC and/or City in implementing these considerations will be dependent on many factors, including: the completion of certain planning efforts, including but not limited to, the City Comprehensive Plan, the adoption of policies and/or ordinances by the City and/or County; identifying sources of funding to support programs and/or operations; and other implementation or operational considerations. The DMCC Board may direct the EDA to work with the City, County and community organizations to develop and recommend specific policies, ordinances and programs that may incentivize the integration of these types of benefits in the DMC Development District.



**REQUEST FOR COUNCIL ACTION**

MEETING DATE: 4/6/2015

**AGENDA SECTION:**  
Reports and Recommendations**ORIGINATING DEPT:**  
City Administration**ITEM DESCRIPTION:**  
Consideration of a Proposed Purchase Agreement for the Former Chateau Theater Building**PREPARED BY:**  
Stevan Kvenvold

Jane Lieberman, the owner of the Chateau building, and I have had several discussions concerning the possible purchase of the Chateau building by the City of Rochester. The attached purchase agreement, as prepared by Terry Adkins, reflects the proposed purchase considerations that Ms. Lieberman and I have agreed upon to be submitted to the Mayor and City Council for official consideration.

The main items contained in the proposed purchase agreement are as follows:

1. The purchase price of the building is \$6 million. The Mayo Clinic has agreed to donate \$500,000 to the City of Rochester to assist in the purchase of the building.
2. Upon the execution of the purchase agreement, the City will pay Ms. Lieberman a non-refundable deposit of \$65,000, the amount of which would be applied against the purchase price upon closing.
3. When the purchase agreement is executed, the Mayor and City Council will have a due diligence period of up to 60 days to either move forward with the purchase or to decline the purchase. If the purchase of the building is declined, the City would forfeit the \$65,000. The main purpose of the 60 day due diligence period is to allow the time necessary for the proposed purchase to be referred to the DMCC Board for the possible adoption of the building purchase as a DMC development project, prior to the Mayor and City Council taking formal action to purchase the building.
4. If the Mayor and City agree to proceed with the purchase of the building, the City would pay Ms. Lieberman the sum of \$1 million while the closing of the transaction is pending. The City would attempt to close the transaction within 30 days of the end of the due diligence period.
5. Ms. Lieberman can decide to extend the closing date up to 180 days for tax purposes, if she should so desire. The City may extend a closing date by an additional 30 days by paying Ms. Lieberman an additional \$1 million, with all payments that may be made to Ms. Lieberman being applied towards the \$6 million purchase price.
6. The City agrees to pay the state deed tax, which will be approximately \$20,000.
7. The property taxes due and payable in 2015 will be prorated between the seller and purchaser as determined by the date of the closing of the purchase transaction. The 2015 property taxes are approximately \$132,708.

It is recommended that the Mayor and City Council approve the proposed purchase agreement and that the Mayor and City Council refer the proposed purchase of the Chateau building to the DMCC Board for their consideration to have the purchase of the Chateau building to be included as a DMC development project. If such an action is taken and subsequently approved by the Mayor and City Council, a process would then be undertaken by the Mayor and City Council, the

DMCC Board, the DMC EDA and the community to determine the future usage of this building and preferred operating structure for the building etc.

COUNCIL ACTION REQUESTED:

Request a motion authorizing the Mayor and City Clerk to execute the proposed purchase agreement.

Request a motion referring the proposed purchase of the Chateau building to the DMCC Board for their consideration to have the purchase of the Chateau building to be a DMC development project.

**RESULT:** ADOPTED [UNANIMOUS]

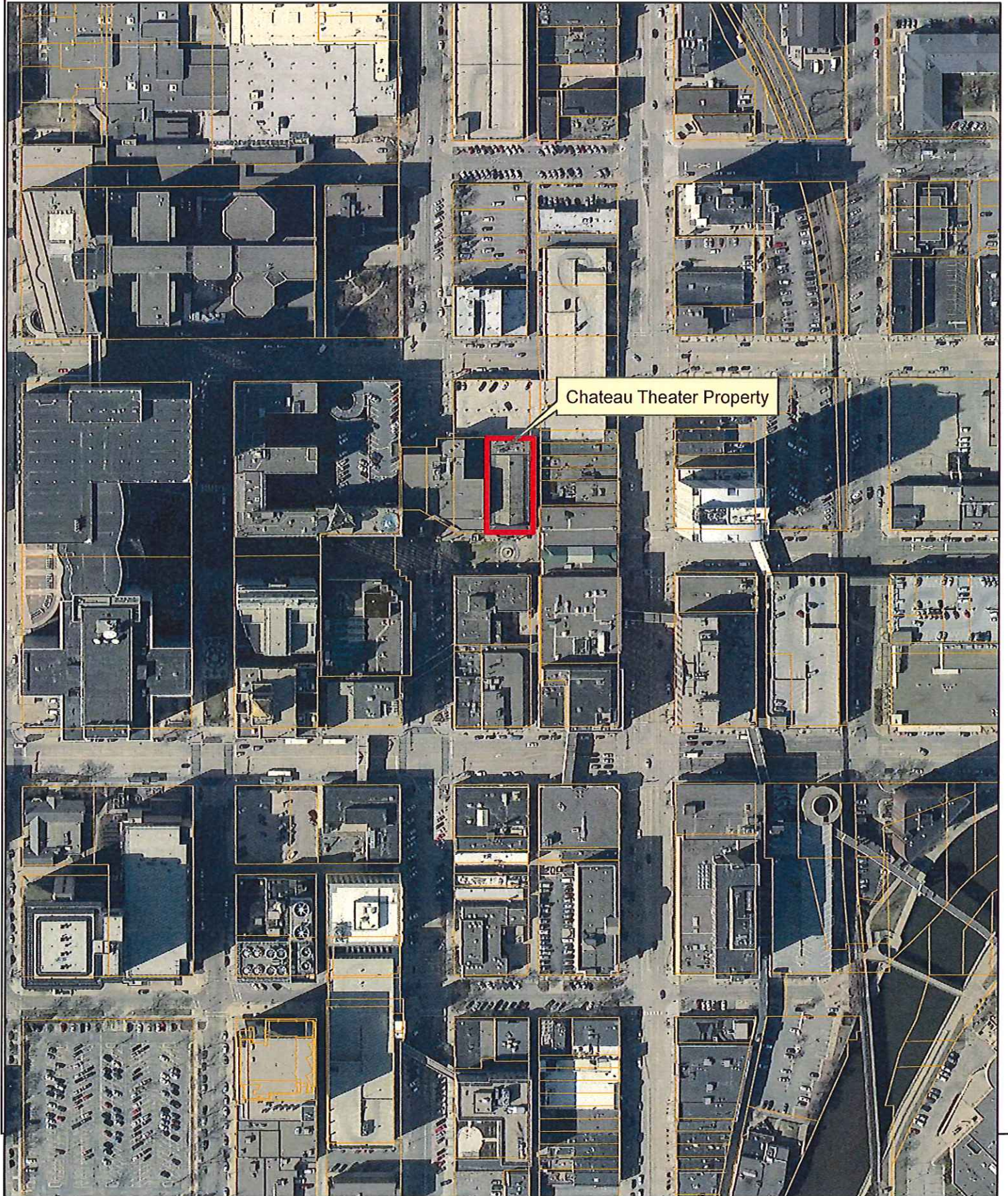
**MOVER:** Michael Wojcik

**SECONDER:** Mark Hickey

**AYES:** Staver, Campion, Hruska, Bilderback, Wojcik, Hickey, Means



# Chateau Theater Property Location Map





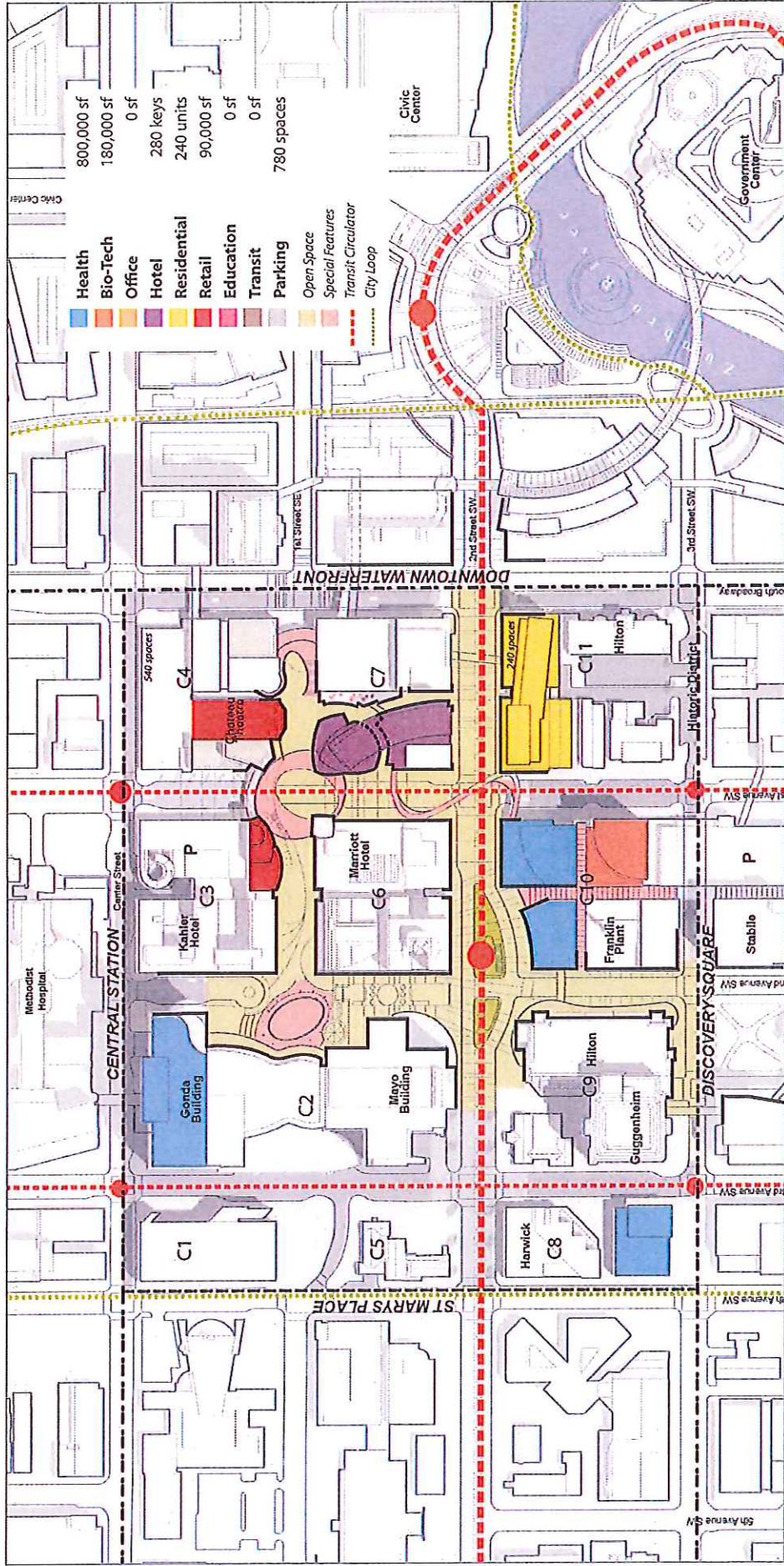


FIGURE 6.3-11 - Heart of the City Program Plan

**DESTINATION MEDICAL CENTER CORPORATION**

**RESOLUTION NO. \_\_-2015**

**Approving the Broadway at Center Project**

**BACKGROUND RECITALS**

A. Under Minnesota Statutes Section 469.41 Subdivision 13, a project must be approved by the Destination Medical Center Corporation (“DMCC”) before it is proposed to the City of Rochester (the “City”). The DMCC must review the project proposed for consistency with the adopted Development Plan.

B. By correspondence to the DMCC dated April 16, 2015 the City has requested approval of the Broadway at Center project, and that City expenditures and financing in the amount of \$14.435 million be credited to the City’s \$128 million local contribution as required by statute (the “Proposed Project”). The City’s expenditures and financing include funding from a combination of parking and tax increment financing bonds.

C. On January 30, 2014, the DMCC approved Resolution No. 12-2014, granting, at the request of the City, preliminary limited consideration with respect to the Broadway at Center project, subject to the following conditions:

- a. Based on the representations of the City and the information received from the City and Titan Ventures regarding the Proposed Project, and at the request of the City, the DMCC hereby grants, solely for the benefit of the City, preliminary limited consideration with respect to the Proposed Project, subject to the following conditions:
  - (1) The preliminary limited consideration granted hereby is given solely to permit any potential City public infrastructure costs and expenditures that may be incurred with respect to the Proposed Project to be considered as eligible for City credit as local matching expenditures under the Act, and for no other purpose. Neither Titan Ventures nor any person other than the City may rely on this Resolution for any other purpose.
  - (2) The preliminary limited consideration granted hereby is subject in all respects and for all purposes to the Development Plan and the provisions thereof, including but not limited to the designated boundaries of any development district or development districts identified

therein, when and if a Development Plan has been duly adopted and approved in accordance with the Act. Nothing in this Resolution is intended to result in any limitation on the DMCC or the City in the exercise of their discretion regarding the provisions of the approved Development Plan or the boundaries of any development district or development districts identified therein.

(3) That the City shall re-refer the Proposed Project to the DMCC, once the Development Plan is approved, for final approval by the DMCC in accordance with the Act.

- b. The DMCC hereby refers the subject matter of the Proposed Project to the City for its customary planning and development processes, procedures and due diligence with respect to further municipal approval and development of the Proposed Project.
- c. The DMCC will consider the final form of the Proposed Project, along with a request from the City for determination of the amount the City has contributed to the Proposed Project for its local match, subject to compliance with the Act, completion of and compliance with the Development Plan, and other matters as are deemed necessary or appropriate by DMCC.

D. The Development Plan was adopted by the DMCC on April 23, 2015.

E. Consistent with DMCC Resolution 12-2014, the City has again referred the Broadway at Center project to the DMCC upon adoption of the Development Plan.

F. Pursuant to Minnesota Statutes, Section 469.47, subdivision 4, the City's local match contribution may be provided by the City from any source identified in Minn. Stat. Section 469.45 and any other local tax proceeds or other funds from the City and may include providing funds to assist developers undertaking projects in accordance with the development plan or by the City directly undertaking public infrastructure projects in accordance with the development plan, provided the projects have been approved by the DMCC.

G. The City has completed an examination of the Proposed Project applying the evaluation factors contained in the Development Plan.

H. Minnesota Statutes, Section 469.40, subdivision 11, defines "public infrastructure project" as "a project financed in part or in whole with public money in order to support the medical business entity's development plans, as identified in the DMCC development plan" and expressly includes, among other items, the ability to



“(1) acquire real property and other assets associated with the real property; . . . (4) install, construct, or reconstruct elements of public infrastructure required to support the overall development of the destination medical center development district including, but not limited to, streets, roadways, utilities systems and related facilities, utility relocations and replacements, network and communication systems, streetscape improvements, drainage systems, sewer and water systems, subgrade structures and associated improvements, landscaping, facade construction and restoration, wayfinding and signage, and other components of community infrastructure; (5) acquire, construct or reconstruct, and equip parking facilities and other facilities to encourage intermodal transportation and public transit; . . . (7) make related site improvements including, without limitation, excavation, earth retention, soil stabilization and correction, and site improvements to support the destination medical center development district; [and] (8) prepare land for private development and to sell or lease land . . . .”

#### RESOLUTION

**NOW, THEREFORE, BE IT RESOLVED**, by the Destination Medical Center Corporation Board of Directors, that the DMCC finds that the Proposed Project is located within the development district boundaries as identified in the Development Plan adopted on April 23, 2015.

**BE IT FURTHER RESOLVED**, that the DMCC finds that the Proposed Project is a public infrastructure project within the meaning of Minnesota Statutes, Section 469.40, subdivision 11, which provides for: acquiring real property and other assets associated with the real property; installing, constructing or reconstructing elements of public infrastructure required to support the overall development of the Destination Medical Center development district; acquiring, constructing or reconstructing, or equipping parking facilities and other facilities to encourage intermodal transportation and public transit; making related site improvements; and preparing land for private development; and that the DMCC approves the Proposed Project as consistent with the Development Plan.

**BE IT FURTHER RESOLVED**, that the DMCC approves the Proposed Project for the purposes of Minnesota Statutes, Section 469.47, subdivision 4, and supports the certification of the City’s expenditures identified in the Proposed Project upon final approval by the City, subject to approval and certification by the State of Minnesota, Department of Employment and Economic Development, as part of the City’s \$128 local contribution.

**BE IT FURTHER RESOLVED**, that the Chair or the Treasurer of the DMCC is authorized to take such actions as are necessary and appropriate to effectuate the findings and approvals of this Resolution.



# ROCHESTER

*Minnesota*



April 15, 2015

Tina Smith  
Chair  
Destination Medical Center Corporation

Re: Broadway At Center Project

Dear Tina and DMCC Boardmembers:

On the January 30, 2014, agenda of the DMCC, the Board reviewed a request from the City for preliminary consideration of the Broadway at Center project as a project that could be included in the DMC Development Plan. The City also requested that, when the Board undertakes a final review of this project, the City costs for this project would be approved for credit towards the City's required \$128 million local matching requirement.

The DMCC Board has been provided with current information on this project and an evaluation of the project based on the approved DMC Project Evaluation criteria. The specifics of this 23 story mixed use project with a five level parking ramp and how it addresses the DMC vision and goals are detailed in that evaluation. That evaluation noted that the Broadway at Center project is already mentioned in the DMC Development Plan and that it includes many elements that address the goals listed in the Development Plan. Among others, this project will: generate \$140 million in private investment; create 200 to 250 jobs; provide 264 quality hotel rooms; provide several new restaurant opportunities; provide 33 housing units; provide for 450 parking spaces; improve an important corner in the downtown; and provide additional vibrancy and connectivity in the DMC Project Area.

The City will be requesting that the DMCC Board, at its April 30<sup>th</sup> meeting, approve the Broadway at Center project as a DMC Project that is included in the DMC Development Plan. The City will also be requesting that the DMCC Board grant approval for DMC funding credit for the expenditures that the City undertakes for this project as a portion of the local matching funds towards the City's \$128 million cost share. The funding credit would be contingent upon the project proceeding and final expenditure numbers. The City is requesting credit for the following proposed expenditures:

1. Construction of the 450 space public parking ramp - \$10.5 M estimated cost.
2. Construction of the public skyway and streetscaping - \$1.675 M estimated cost.
3. Land acquisition and conveyance, site preparation, utilities - \$2.260 M estimated cost.

It is the City's intent to provide up-front funding for the ramp, skyway and streetscaping from a combination of parking and tax increment financing bonds. The land acquisition, site preparation and utility costs would be funded with tax increments generated by the project over time. Use of these funding sources avoids impacting the cash flow available to the DMC from the approved City 0.25% sales

tax. The approval by the DMCC Board of these local cost contributions by the City as DMC matching funds will reduce the City's \$128 million cost share by \$14.435 million. However, this local matching contribution credit for the City will secure State matching funds of \$36.8 million, when sufficient private investments have been made.

Section 10 469.47 Subd. 4 of the DMC legislation states that "The local match contribution may be provided by the City from any source identified in 469.45 and any other local tax proceeds or other funds of the City and may include providing funds to assist developers undertaking projects in accordance with the Development Plan.....provided the projects have been approved by the corporation." This language was included, in part, to assist the City in addressing a much higher local matching cost contribution than had been previously assumed. In this specific instance the City does believe that the project is an excellent improvement to the downtown area and that it provides for quality hotel, housing and restaurant opportunities. In addition the public parking ramp, skyway and streetscape improvements will benefit the entire surrounding area. We believe it complements and addresses the vision and goals of the DMCC Board in the adopted Development Plan.

We look forward to our continued partnership with the DMCC Board and the DMC EDA. We remain extremely appreciative and grateful for all of the time, hard work and vision that you have provided in service to our community and the State.

On behalf of the Mayor and City Council

A handwritten signature in black ink, reading "Randy Staver". The signature is fluid and cursive, with the first name "Randy" and last name "Staver" clearly legible.

Randy Staver  
Rochester City Council President

C: Mayor and Council

Kathleen Lamb  
Jeff Bolton  
Lisa Clarke  
Stevan Kvenvold  
Gary Neumann  
Terry Adkins



# Memorandum

**To:** DMCC Board

**From:** Terry Spaeth, City Administration

**Date:** March 31, 2015

**Subject:** Broadway at Center Project Evaluation

This project evaluation report is being prepared for the DMCC Board's information and consideration for approval of this project as a DMC Development Plan project.

## **Project Background**

City staff has been working for some time with Titan Development on a downtown mixed use redevelopment project located along the east side of South Broadway, south of East Center Street and north of the Broadway Residences and Suites. The developer is proposing to construct a 23 story mixed use building with office space, retail space, restaurants, a Hilton Hotel with 264 rooms and 33 apartment units. A skyway bridge is also proposed as part of this project. The skyway will extend across Broadway from the Broadway at Center project over to the former Michael's Restaurant building and into University Square where it will tie into the existing downtown skyway system. The project will also provide one level of underground parking under the building.

In addition a 5 level (4 levels above ground) parking ramp facility is proposed to be located east of the building location. The City recently selected an architect to start design on the ramp. Both the Broadway at Center ramp and the skyway are identified in the DMC Development Plan and listed for potential DMC funding. In addition, the developer has requested City assistance to facilitate this project. Part of that assistance is the creation of a Tax Increment Financing District to capture tax increments that can be used to cover TIF eligible expenses.

As the DMCC Board may recall, a request for DMC project plan approval was requested in February, 2014. At that time, the DMCC Board reviewed the project and indicated preliminary consideration for project costs incurred with the project to be considered as eligible for City matching expenditures. Since that time, there have been several significant steps in the project development process that have occurred. In October, 2014, the final project zoning approval was provided, after several required public hearings before the City Planning Commission and Council. In addition to that, since this is a relatively complex project and

specific details relating to skyway alignment and parking ramp layout yet remained to be resolved, the City and the Developer worked out the terms of a Preliminary Development Agreement, which was approved in November, 2014 and extends through May 31, 2015. At this time, the “final” Development Assistance Agreement is being discussed and negotiated.

The Preliminary Development Agreement is a mechanism to identify some of the elements to be included in a final Development Assistance Agreement. It also provides for an understanding of issues that need to be resolved and provides a way to keep things moving forward. The major elements of the Preliminary Development Agreement are as follows:

- The developer will construct a mixed use building as described above.
- The City agrees to provide approximately \$6.5 million in assistance to the project, consisting of tax increment financing and land writedown for the elements listed below.
- The City will convey the 22’ wide City owned parcel located north of the Broadway Residences and Suites to the developer for inclusion in the Broadway @ Center project development site. (Represents \$325K assistance).
- The City will design and construct a 5 level parking ramp (1 underground level and 4 above ground levels). The underground level will be conveyed to the developer. (Represents \$2.24 M assistance).
- The City will also convey to the developer the ground floor commercial space and loading dock area adjacent to the building. The City will also provide an easement for the truck staging area adjacent to the loading dock.(Represents \$250K assistance).
- A skyway across Broadway that ties in to the existing skyway system in University Square will be constructed as part of the project. (Represents \$1.5M TIF assistance).
- Streetscaping adjacent to the project will be paid in part with tax increments (Represents \$175K TIF assistance).
- The City will provide TIF reimbursement on a PAYGO basis for \$2,010,000 of eligible costs related to land acquisition, site preparation, parking and utilities.
- The City will lease a portion of the ground level of the parking ramp (approximately 17 spaces) to the developer for purposes of valet parking. The lease rate will be based upon the monthly market value parking rate established by the City, and the rate may not be adjusted more than annually. In addition, staff has indicated its support that for the first 3 years of the lease, the lease rate will be at 50% of the monthly market value parking rate. Beginning on the 4<sup>th</sup> year of the lease, the rate will be at 100%.
- Subject to a public hearing, the City will vacate the alley east of the proposed building and convey that portion of the alley that reverts back to the City to the developer

pursuant to a purchase agreement. If after 12 months after the conveyance, no construction has taken place, all of the vacated alley will be conveyed back to the City free of any liens and encumbrances.

### **Project review in consideration of DMC Development Plan Evaluation Criteria**

#### **1. Is the project consistent with the DMC vision, goals and objectives? Is it critical to driving the strategies included in the Development Plan?**

This Development Plan is a strategic framework to guide the DMC Initiative and direct public funds and incent private investments to accomplish certain specific goals and objectives and to realize the DMC vision. The following has been established to assist in the evaluation of projects against these critical elements of the structure:

##### **a. Is the project consistent with the stated DMC Goals & Objectives?**

- Does the project meet one or more of the goals and objectives established approved for the Development Plan?

#### **The DMC Goals are stated as follows:**

The DMC Initiative is an economic development strategy established to achieve specific goals adapted by the DMC Corporation (DMCC) Board.

- Create a comprehensive strategic plan with a compelling vision that harnesses the energy and creativity of the entire community
- Leverage the \$585 million public investment to attract more than \$5 billion in private investments over a 20-year period to Rochester and the region
- Create 35,000 – 45,000 new jobs, with workforce development strategies in support of that growth over a 20-year period
- Generate \$7.5 - \$8.0 billion in new tax revenue over 35 years
- Achieve the highest quality patient, companion, visitor, employee, and resident experience- now and in the future.

#### **Responses:**

Yes. The project represents over \$140 million in private investment and will generate over \$1 million in taxes annually. In addition, upon completion the project is anticipated to add 200-250 jobs to the workforce.

#### **Broadway at Center features that comply with the DMC goals:**

Broadway at Center is a 23 story facility located at the intersection of Center Street and Broadway Avenue North, providing both visitors and residents with world-class amenities in a mixed-use facility including a hotel, apartments, restaurants, and retail spaces. This is an important urban site and the project is both grounded and connected at the street and skyway levels. The redevelopment of this site as is proposed is consistent with the adopted Rochester Downtown Master Plan and the Destination Medical Center Development Plan.

#### **Hilton Hotel**

The project will house a 4 star + Hilton Hotel concept. The hotel will have 264 guest rooms, including 7 Premier suites, 48 standard suites, executive guestrooms, and large guestrooms. Special features include suites with provisions for individual medical needs, and others with limited cooking facilities for extended stay visitors. In addition, the 19<sup>th</sup> floor will have “Premier” suites with larger bedrooms and adjoining parlors. These are focused on the higher end of the market as well as foreign guests.

A fitness center, spa and pool area will be located on the fifth floor. The pool and fitness center will open on to a 6,250 sq. ft. outdoor courtyard for relaxation or outdoor exercise purposes. These floors are interconnected via escalators with large atrium-like openings.

### **Distinctive Apartments**

Starting at the twentieth level, the project includes three floors of one-bedroom, two-bedroom, and studio apartments. The 33 apartments feature contemporary open plan layouts, and will have balcony access or windows to provide views of Rochester’s skyline and countryside. The apartments offer a secure environment with full hotel services availability. The apartments will have enclosed parking and storage units beneath the building.

### **Skyway Connected Amenities**

Broadway at Center will reinforce Rochester’s network of shops, restaurants, offices and other amenities at the skyway level, with planned connections in several directions: south to the Broadway Residence and Suites and the Doubletree Hotel, west across Broadway to the University of Minnesota Rochester and the Shops at University Square and east to the proposed parking ramp and the Mayo Civic Center. Titan Ventures is working with several restaurant owners to create new dining experiences on both the skyway level and first floor.

### **Street Presence**

A welcome canopy and valet parking along Center Street lead visitors to a Main hotel lobby, Grab and Go food store, with a business center environment and restaurant access. Along Broadway the project provides coordinated signage, restaurant entrance, and display opportunities for retail or further restaurant tenants. Streetscaping along both streets will be compatible with Rochester’s ongoing emphasis on pedestrian-friendly glass store fronts for a welcoming public environment.

#### **b. Is the project consistent with the DMC Vision?**

- Is the project part of a bold and aspirational concept for the future?
- Does the project fit with the principles of the vision?
- Does the project provide a framework for growth in this sub-district?

#### **Response:**

**Broadway at Center attributes that comply with the DMC vision:**

- 1) Adds retail to our downtown that adds to the critical mass. Adds World Class amenities.
- 2) Housing – 33 units– 3 Floors
- 3) Restaurants to enhance the dining opportunities for our visitors and locals to enjoy.
- 4) Extends the skyway system to create more connectivity and allows for future opportunities.
- 5) 264 Hotel rooms – 18 floors. World Class New Hilton Hotel concept
- 6) Presidential Suites on the 19<sup>th</sup> floor.
- 7) Improves a very important corner that is currently blighted.
- 8) Generates more public parking in a very strategic location.
- 9) Street connectivity and vibrancy – Drop off canopy, valet parking with unique streetscaping and features.
- 10) 200 + jobs and employment opportunities

The Broadway at Center project also includes:

- 1) Mix of uses (hotel, housing, retail, parking) that Rochester needs or will need. Adds to the critical mass of the components to create a vibrant heart of the city.
- 2) Significant attention to design and quality materials.
- 3) Below grade parking-screened from public.
- 4) Skyway system extension.
- 5) Consistent with design guidelines established for the urban context strategy
- 6) Glass street level façade treatment – consistent with guidelines.
- 7) Numerous access points to the building well delineated for guests to identify easily with the internal functions.
- 8) Screened and enclosed trash, loading and transformers.
- 9) Shade and shelter facilities for pedestrians.
- 10) Projecting building elements to create interest and to break up the facade.
- 11) Rooftop terrace for outdoor enjoyment.

**c. Does the project build infrastructure to support growth and drive investment?**

Response: Yes, the project creates additional public parking for the downtown and the Mayo Civic Center expansion and also the skyway system is expanded and provides future connectivity.



- **Would the investment occur without the public infrastructure to be funded?**

Response: No, the Broadway at Center project is a significant development constructed within a tight urban site with many infrastructure challenges. The design carefully addresses these issues, however the solutions are costly. Assistance is necessary address these costs and the “gap” in funding. The Broadway at Center project is located on the fringe of the “Heart of the City” district. The amenities of the project as described in the responses to the previous questions are a part of an approved strategy and current focus.

- **Will the public funding accelerate private investment in the Development District or applicable sub-district?**

Response: Yes. This is the largest project since the Gonda building and the first private project to get unveiled for Phase I of the DMC.

**d. Does the project provide a catalyst for /or anchor for an approved strategy?**

- **Can the project reasonably be expected to catalyze or anchor development in one of the six sub-districts?**

Response: Yes.

- **Can the project reasonably be expected to catalyze necessary transportation/transit strategies?**

Response: Yes, to an extent. It provides parking that is shared for hotel retail, apartment and public users, increasing the overall supply needed in the downtown. It is in close proximity to the rail spur line, that is planned to serve as a part of the City Loop Trail, and also if the railroad spur line is capitalized on as a transportation asset in the future.

**2. Is the project consistent with the Development Plan (and any updates thereto) and other relevant planning documents?**

The Development Plan includes a Master Plan (Section 6.0) Transportation Plan (Section 7.0) and Infrastructure Plan (Section 8.0) establishing a planning framework for the project. The Development Plan also includes Finance Plan, Business Development Plan and Implementation Strategies that serve as the business and finance framework of this Development Plan. The Development Plan also conforms to the general plan for the development of the City and conforms to specific City planning documents. The specific questions to be explored include:

**a. Is the project consistent with DMC Planning Documents?**

Response: Yes, Broadway at Center project is incorporated in the plan as it has developed over the last 12 months.

- **Is the project consistent with the adopted DMC Master Plan, Transportation Master Plan and/or Infrastructure Master Plan?**

Response: Yes.

- **Is the project consistent and/or supportive of the Finance Plan, Business Development Plan and other Implementation strategies of the DMC?**

Response: Yes. The project will provide for a significant increase in the City's tax base, will provide for job creation, both during construction and upon project completion and will encourage local economic growth with spending from visitors to the City.

**b. Is the project consistent with the City/County Planning?**

- **Is the project consistent with the RDMP Plan or City Comprehensive Plan?**

Response: Yes. The RDMP Plan identifies similar development for this location. Broadway at Center will be constructed in the Downtown Core that supports high density projects, which is consistent with the Comprehensive Plan. The City Council approved the project through its Incentive Development process and found it to be consistent with the comprehensive plan.

- **If a Transit/Transportation project, is the project consistent with the ROCOG long-range Transportation Plan?**

N/A

**3. Is the project consistent with adopted strategies and/or one or more projects for the current implementation of the DMC initiatives?  
DMC Principles**

- **A series of memorable experiences that appeal to a wide audience**

Response: The new Hilton Hotel concept with all the high-end features achieves the memorable experience goal, as will the proposed new restaurant dining experiences.

- **Iconic places and attractions where people want to be**

Response: The hotel, apartment features and restaurants provide places and attractions for visitors and locals.

- **Cultural offerings and venues that cannot be experienced anywhere else in the area.**

Response: The hotel will be an asset to visitors experiencing Rochester and our cultural venues.

- **Compact and walkable streets and public spaces that are accessible and connected throughout the heart of downtown.**

Response: Skyway and pedestrian level connectivity is incorporated into the project.

**a. Is the project part of an approved strategy and current focus?**

Response: The Broadway at Center project is located on the fringe of the “Heart of the City” district. The amenities of the project as described in the responses to the previous questions are a part of an approved strategy and current focus.

- **Is the project outlined as an approved strategy for the project within the Development Plan?**

Response: Yes, Broadway at Center falls within one of the eight core areas (Hospitality / Convention). It is located on the fringe of the “Heart of the City” subdistrict, and is consistent with Section 6.0 (Master Plan) that identifies this site for hotel development.

- **Is the project recommended as a focus for the particular phase of the project in the Development Plan?**

Response: Figure 6.1-23 of the Development Plan identifies the hotel and adjacent ramp as potential Phase I projects. They were also shown as Phase I projects in the cost modeling.

**b. Is the project consistent with the DMC-CIP?**

Response: Shown in cost modeling.

- **If public, is the project specifically listed in the DMC-CIP? Or is the project necessary to facilitate a DMC related strategy?**

N/A

- **If private, is the project otherwise compatible with the planned public improvements in the DMC-CIP?**

Response: Yes

#### **4. Is the project financially viable?**

Projects are required to provide a preliminary finance plan with their applications. The information that will be required includes:

**a. Project Summary (e.g. Concepts, Detailed Program, Project Team, etc.)**

**b. Total Project Budget:**

Response: \$140,000,000

**c. Sources of Funding, demonstrating a verifiable gap that justifies DMC Funding.**

Response: See Exhibit A

**d. Project Operating Pro Forma**

Response: See Exhibit B

**e. A Project Plan and/or Market Study supporting the demand/need for the project.**

Response: See Exhibit C

**f. Demonstration of financial capacity to support the project**

Response: See Exhibit D

**g. A plan for achieving M/WBE Project Requirements and other party requirements, as applicable.**

Response: The project Construction Manager is Kraus-Anderson. KA will solicit construction bids from available M/WBE entities consistent with adopted M/WBE policies.

**h. Agreement to execute the DMC Development Agreement the terms of which shall be provided in form to all applicants.**

- **Agreements will include requirements of the DMC Act (e.g. American Made Steel, MBE/WBE Construction Targets)**

Response: Yes.

**The project-specific finance plan will be evaluated based upon the following criteria:**

- **Is the project supported by current market conditions and comprehensive feasibility studies?**

Response: Yes.

- **Does the project leverage additional private funds, maximizing the use of the DMC Funds?**

Response: Yes

- **Is the preliminary project finance plan comprehensive and viable based upon Project Team and financial capacity?**

Response: Yes

- **Is there a verifiable gap for funding based upon a reasonable return on private investment?**

Response: Yes, see attached Springsted Report

- **Is the proposed operating structure sustainable?**

Response: Yes

- **Has the project applicant agreed to the DMC Development Agreement?**

Response: Yes, The applicant has agreed to the Preliminary Development Agreement with the City. However the DMC Development Agreement has not been defined.

**5. Does the project comply with or support the economic fiscal goals and objectives of the DMC Initiative?**

The DMC is established to drive economic and fiscal benefits to State and local jurisdictions and to benefit the community as a whole. Each project will be evaluated for its ability to realize and/or support growth occurring within the DMC District. The information that will be required to make the evaluation will include:

**a. Jobs Projections**

- **Construction jobs**

Response: KA has indicated that over 400 construction related persons will be on the job site throughout various phases of the project construction.

- **Permanent operating jobs, if applicable**

Response: Yes, 200-250 full and part-time jobs.

**b. Tax Base Projections (through 2049), if applicable**

Response: See attached Springsted financial analysis that projects estimated tax capacity of project through 2043.

**c. Capacity or other support to demand (e.g. public works)**

Response: Yes. With the construction of the proposed ramp, the current infrastructure is capable of supporting the project.

The economic-fiscal analysis will be evaluated based on the following criteria. Does the project generate substantial economic-fiscal gain based upon job projections?

- **Does the project generate substantial economic-fiscal gain based upon tax base projections?**

Response: Yes

- **Does the project maximize the opportunity for investment by attracting other private capital?**

Response: Yes

- **Is the project required (e.g. public works) to continue to seed investment in the DMC District?**

Response: Yes, it is the first project to launch the DMC initiative.

- **Does the project support the economic strategies of the project by providing civic/cultural uses and/or public amenities that support strategic growth in the DMC Development District and/or specific business development and economic development strategies that are adopted as part of the DMC Development Plan?**

Response: Yes, see previous responses.

**6. Other Considerations**

A summary will be provided of other considerations that the DMCC Board may take into account when evaluating projects. These include:

- a. Is the project inside the DMC Development District?

To be funded, projects must be within the boundaries of the DMC Development District. From time to time, the DMCC and City may consider expanding the DMC Development District to support the execution of specific projects or

strategies that are outside of the current boundaries. The DMCC and City may choose to do this by amending the current Development District or creating a new district, which may or may not be contiguous to the existing Development Districts or Sub-districts. An amendment can happen at any time, but it is recommended that it only be done with an accompanying project request. The criteria to be considered include:

Are the recommended changes:

- Limited to the area required to support the project request?
- Consistent with the core strategies and planning documents?
- Essential to the strategies and/or catalytic to growth under the DMC Development Plan

b. Are there specific policies the DMCC wishes to include/consider as implementation of the DMC Development Plan moves forward?

During the implementation phase of the DMC Initiative, the DMCC and/or City may wish to provide special consideration to projects with certain social and/or community benefits that are not specifically required by the DMC Act. The prioritization of these considerations within the DMC Development Plan and the role of the DMCC and/or City in implementing these considerations will be dependent on many factors, including: the completion of certain planning efforts, including but not limited to, the City Comprehensive Plan, the adoption of policies and/or ordinances by the City and/or County; identifying sources of funding to support programs and/or operations; and other implementation or operational considerations. The DMCC Board may direct the EDA to work with the City, County and community organizations to develop and recommend specific policies, ordinances and programs that may incentivize the integration of these types of benefits in the DMC Development District.

















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## MEMORANDUM

TO: Terry Spaeth, City of Rochester

FROM: Tony Schertler, Senior Vice President/Consultant  
Mikaela Huot, Vice President/Consultant

DATE: March 31, 2015

SUBJECT: Financial Feasibility and But for Analysis of Broadway at Center Redevelopment Project

The City of Rochester received an application for financial assistance through Tax Increment Financing (TIF) to assist with financing a portion of the significant redevelopment and public improvements costs deemed necessary for the project to proceed. The purpose of this memorandum is to provide a summary of Springsted's review of the development project costs and operating pro forma as provided by the Developer in order to assist the City with making a determination if the redevelopment project would be unlikely to proceed "but-for" the requested Tax Increment Financing (TIF) assistance.

### Background

The developer submitted a request for TIF assistance with the purpose of using tax increment to finance extraordinary costs associated with redevelopment. The developer has proposed construction of an approximately 400,000 square foot, 22 story mixed use building including underground parking, 253 hotel rooms, 39 apartment units, with skyway and street level retail. A municipal parking ramp will also be constructed adjacent to the private development. The project is proposed to be located at the intersection of Broadway Avenue and Center Street. The assessor has estimated that the proposed building will be worth approximately \$41,702,000 upon completion with a total projected investment budget of approximately \$112 million.

### Developer Request for Assistance

Assistance has been requested for financing a portion of extraordinary public improvement and site improvement costs associated with redevelopment and subsequent new construction of the project. Redevelopment activities of the above mentioned property would entail acquisition, site preparation including excavation, utility installation, and construction of a new building, parking structure and skyway. The Developer is proposing the approximately \$112 million project will be funded by an estimated \$25,468,993 of equity and \$87,500,000 of private financing.



Additionally, the Developer is requesting that the City provide financial assistance for the project of approximately \$6.5 Million to include a bond issuance, pay-as-you-go financing, land write down, and upfront assistance (the City and Developer are in the process of finalizing the details of the assistance). The Developer has indicated the receipt of City financial assistance is necessary to obtain the level of financing required by the project. The Developer's request for assistance (\$6,500,000) is equal to approximately 17% of total project costs. See complete sources and uses (most current information as presented to Springsted by the Developer) below:

Uses		Sources	
Land Acquisition	\$11,050,000	Private Financing	\$87,500,000
Building Construction	\$84,228,838	Equity	\$25,468,993
Site Work	\$2,067,790		
Tenant Improvement & Buildout	\$1,172,116		
Furniture Fixtures and Equipment	\$5,550,000		
Soft Costs	\$8,900,249		
<b>Total</b>	<b>\$112,968,993</b>	<b>Total</b>	<b>\$112,968,993</b>

Proposed Financial Assistance	
Fair Market Value of City Owned Parcel	\$325,000
Value of the City Parking Ramp for Developers Exclusive Use – Loading Dock, Truck Staging	\$250,000
Value of Parking Ramp – Below Grade Level	\$2,240,000
Skyway Construction/Streetscaping and other TIF eligible costs	\$3,685,000
<b>Total</b>	<b>\$6,500,000</b>

*\*The final amount of costs to be financed through TIF will be determined upon finalization of the development agreement and project details.*

There are generally two ways in which assistance can be provided for most projects, either upfront or on a pay-as-you-go basis. With upfront financing, the City would finance a portion of the Developer's initial project costs through the issuance of bonds or as an internal loan. Future tax increment would be collected by the City and used to pay debt service on the bonds or repayment of the internal loan. With pay-as-you-go financing, the Developer would finance all project costs upfront and would be reimbursed over time for a portion of those costs as revenues are available.

Pay-as-you-go-financing is generally more acceptable than upfront financing for the City because it shifts the risk for repayment to the Developer. If tax increment revenues are less than originally projected, the Developer receives less

and therefore bears the risk of not being reimbursed the full amount of their financing. However, in some cases pay as you go financing may not be financially feasible. With bonds, the City would still need to make debt service payments and would have to use other sources to fill any shortfall of tax increment revenues. With internal financing, the City reimburses the loan with future revenue collections and may risk not repaying itself in full if tax increment revenues are not sufficient. The form of financial assistance proposed in this case is a combination of bond issuance, pay-as-you-go financing, and varying forms of upfront assistance.

#### **Developer Pro forma But-For Analysis**

In approving a TIF district, the City must make several findings, including the "but for" test: that the proposed development would not reasonably be expected to occur solely through private investment within the reasonably foreseeable future. The "but for" argument in the case of this Redevelopment TIF District focuses on the likelihood of the Developer constructing the proposed project in its current form and within the City's requested parameters without assistance. The provided "but for" argument states the development requires improvements the Developer could not economically provide to construct this redevelopment project without the use of Tax Increment Financing.

The Developer has stated the assistance is necessary due to the high costs of redeveloping the site and inability of the project to support those costs upon completion. The current estimated project costs are in excess of the estimated future value of the building upon redevelopment as provided by the Olmsted County Assessor. Based on the pro forma information submitted by the Developer, the project is expected to have negative cash flow in the first five years of operation with a correspondingly low debt service coverage ratio that makes it infeasible without assistance. The project also includes the construction of an underground parking structure at the site, various utility relocations and street improvements in addition to a skyway bridge across Broadway Avenue. Constructing the adjacent structured municipal parking facility without assistance also increases the total cost of the project and reduces any possible cash flow necessary to privately finance the mixed use development at this location.

The Developer has indicated that it could not proceed with the project as proposed since the costs to develop the site and the negative impact of developing all of the components (including structured parking and skyway) of the mixed use building on the operating cash flow are prohibitively high. Therefore, the development of the estimated \$112 million redevelopment project would not likely occur as proposed "but-for" the use of tax increment financing.

#### **Conclusion**

The Developer has requested financial assistance of approximately \$6,500,000 to be structured as a blend of upfront assistance, bond issuance, land write down, and pay-as-you-go financing (supported by TIF) to assist with financing a portion of the redevelopment costs associated with the large mixed-use redevelopment project. Through the submission of the tax increment financing application and supporting financial information, the Developer has indicated that the redevelopment project would not occur on the current site without financial assistance from the City due to the significant redevelopment and public improvement costs deemed necessary. The extraordinary costs of redevelopment are in excess of the estimated value of the completed building with a projected operating cash flow of the project upon completion as prohibitively low and unable to support the total investment.

As illustrated in our analysis outlined above, it appears the project is infeasible without assistance absent significant changes to either the equity investment, project cost assumptions, or projected operating income. Given our review of the current assumptions it appears as if changes of this magnitude are unlikely to be realized. Therefore, we feel the project as proposed with significant public improvements, including skyway and parking structure, is unlikely to proceed but-for the requested TIF assistance.

It is also important to note that the project will be converting previously undeveloped property in Rochester into a commercially viable site that should result in a stabilized tax base. The implication being that the project (as presented) will not proceed in the City of Rochester "but for" assistance provided through tax increment financing. Thank you for the opportunity to be of assistance to the City of Rochester. Please contact us at 651.223.3000 or [mhuot@springsted.com](mailto:mhuot@springsted.com) and [tschertler@springsted.com](mailto:tschertler@springsted.com) with any questions or comments.

## Assumptions Report

City of Rochester, Minnesota

Tax Increment Financing (Redevelopment) District No. 43-1

Proposed Broadway Project

Prelim. Projections with EMV of \$42,226,719 and 1% Market Value Inflation

Type of Tax Increment Financing District

Redevelopment

Maximum Duration of TIF District

25 years from 1st increment

Projected Certification Request Date

12/31/14

Decertification Date

12/31/43 (26 Years of Increment)

2014/2015

Base Estimated Market Value

\$1,123,700

74.35.44.017933

\$184,800

74.35.44.017934

\$187,800

74.35.44.017935

\$187,900

74.35.44.017936

\$250,600

74.35.44.017937

\$187,800

74.35.44.017939

\$124,800

Original Net Tax Capacity

\$17,510

Assessment/Collection Year

	2014/2015	2015/2016	2016/2017	2017/2018
Base Estimated Market Value	\$1,123,700	\$1,123,700	\$1,123,700	\$1,123,700
Increase in Estimated Market Value	0	0	0	3,373,362
Total Estimated Market Value	1,123,700	1,123,700	1,123,700	4,497,062
Total Net Tax Capacity	\$17,510	\$17,510	\$17,510	\$76,478

City of Rochester

49.447%

Olmsted County

56.054%

ISD #535

22.219%

Other

Local Tax Capacity Rate (2014)

127.720%

Frozen Tax Capacity Rate

127.720%

Administrative Retainage Percent (maximum = 10%)

5.00%

City Withholding

30.00%

### Notes

Calculations assume no changes to future tax rates or class rates, with a 1% Market Value Inflator.

Construction schedule: Phase 1 Built in 2016, Phase 2 Built in 2017, Phase 3 built in 2018.

Estimated value at completion \$42,226,719- based on developer application.



# Projected Tax Increment Report

City of Rochester, Minnesota  
Tax Increment Financing (Redevelopment) District No. 43-1  
Proposed Broadway Project  
Prelim. Projections with EMV of \$42,226,719 and 1% Market Value Inflation

Annual Period Ending (1)	Total Estimated Market Value (2)	Total Net Tax Capacity (3)	Less: Original Net Tax Capacity (4)	Retained Captured Net Tax Capacity (5)	Times: Tax Capacity Rate (6)	Annual Gross Tax Increment (7)	Less: State Aud. Deduction 0.360% (8)	Annual Net Tax Increment (9)	Less: City Withholding 30.00% (10)	Less: Admin. Retainage 5.00% (11)	Annual Net Revenue (12)
12/31/18	4,497,062	76,478	17,510	58,968	127.720%	75,314	271	75,043	22,513	3,752	48,778
12/31/19	34,724,711	598,666	17,510	581,155	127.720%	742,252	2,672	739,580	221,874	36,979	480,727
12/31/20	46,422,893	800,283	17,510	782,773	127.720%	999,757	3,599	996,158	298,847	49,808	647,503
12/31/21	46,687,122	808,301	17,510	790,791	127.720%	1,009,998	3,636	1,006,362	301,909	50,318	654,135
12/31/22	47,355,993	816,399	17,510	798,889	127.720%	1,020,340	3,673	1,016,667	305,000	50,833	660,834
12/31/23	47,829,553	824,578	17,510	807,068	127.720%	1,030,787	3,711	1,027,076	308,123	51,354	667,599
12/31/24	48,307,849	832,838	17,510	815,328	127.720%	1,041,337	3,749	1,037,588	311,276	51,879	674,433
12/31/25	48,790,927	841,182	17,510	823,672	127.720%	1,051,993	3,787	1,048,206	314,462	52,410	681,334
12/31/26	49,278,836	849,609	17,510	832,099	127.720%	1,062,756	3,826	1,058,930	317,679	52,947	688,304
12/31/27	49,771,625	858,120	17,510	840,610	127.720%	1,073,627	3,865	1,069,762	320,929	53,488	695,345
12/31/28	50,269,341	866,716	17,510	849,206	127.720%	1,084,606	3,905	1,080,701	324,210	54,035	702,456
12/31/29	50,772,034	875,398	17,510	857,888	127.720%	1,095,695	3,945	1,091,750	327,525	54,588	709,637
12/31/30	51,279,755	884,167	17,510	866,657	127.720%	1,106,894	3,985	1,102,909	330,873	55,145	716,891
12/31/31	51,792,552	893,024	17,510	875,514	127.720%	1,118,206	4,026	1,114,180	334,254	55,709	724,217
12/31/32	52,310,478	901,969	17,510	884,459	127.720%	1,129,631	4,067	1,125,564	337,669	56,278	731,617
12/31/33	52,833,583	911,004	17,510	893,494	127.720%	1,141,170	4,108	1,137,062	341,119	56,853	739,090
12/31/34	53,361,918	920,129	17,510	902,619	127.720%	1,152,824	4,150	1,148,674	344,602	57,434	746,638
12/31/35	53,895,538	929,345	17,510	911,835	127.720%	1,164,595	4,193	1,160,402	348,121	58,020	754,261
12/31/36	54,434,493	938,653	17,510	921,143	127.720%	1,176,484	4,235	1,172,249	351,675	58,612	761,962
12/31/37	54,978,838	948,055	17,510	930,545	127.720%	1,188,492	4,279	1,184,213	355,264	59,211	769,738
12/31/38	55,528,626	957,551	17,510	940,040	127.720%	1,200,620	4,322	1,196,298	358,889	59,815	777,594
12/31/39	56,083,913	967,141	17,510	949,631	127.720%	1,212,869	4,366	1,208,503	362,551	60,425	785,527
12/31/40	56,644,752	976,827	17,510	959,317	127.720%	1,225,240	4,411	1,220,829	366,249	61,041	793,539
12/31/41	57,211,199	986,611	17,510	969,101	127.720%	1,237,735	4,458	1,233,279	369,984	61,664	801,631
12/31/42	57,783,311	996,492	17,510	978,982	127.720%	1,250,355	4,501	1,245,854	373,756	62,293	809,805
12/31/43	58,361,144	1,006,472	17,510	988,962	127.720%	1,263,102	4,547	1,258,555	377,567	62,928	818,050
						\$27,856,679	\$100,285	\$27,756,394	\$8,326,920	\$1,387,819	\$18,041,655

Final 2014 tax rate	127.720%
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## Market Value Analysis Report

City of Rochester, Minnesota

Tax Increment Financing (Redevelopment) District No. 43-1

Proposed Broadway Project

Prelim. Projections with EMV of \$42,226,719 and 1% Market Value Inflation

<u>Assumptions</u>			
Present Value Date		12/31/14	
P.V. Rate - Gross T.I.		5.00%	
Increase in EMV With TIF District		\$56,087,499	
Less: P.V of Gross Tax Increment		<u>12,542,722</u>	
Subtotal		\$43,544,777	
Less: Increase in EMV Without TIF		<u>0</u>	
Difference		\$43,544,777	
	Year	Annual Gross Tax Increment	Present Value @ 5.00%
1	2018	75,314	61,961
2	2019	742,252	581,574
3	2020	999,757	746,034
4	2021	1,009,998	717,787
5	2022	1,020,340	690,606
6	2023	1,030,787	664,454
7	2024	1,041,337	639,291
8	2025	1,051,993	615,079
9	2026	1,062,756	591,782
10	2027	1,073,627	569,367
11	2028	1,084,606	547,800
12	2029	1,095,695	527,048
13	2030	1,106,894	507,081
14	2031	1,118,206	487,870
15	2032	1,129,631	469,385
16	2033	1,141,170	451,600
17	2034	1,152,824	434,487
18	2035	1,164,595	418,022
19	2036	1,176,484	402,181
20	2037	1,188,492	386,939
21	2038	1,200,620	372,274
22	2039	1,212,869	358,164
23	2040	1,225,240	344,587
24	2041	1,237,735	331,525
25	2042	1,250,355	318,958
26	2043	<u>1,263,102</u>	<u>306,866</u>
		\$27,856,679	\$12,542,722

# **Estimated Impact on Other Taxing Jurisdictions Report**

## **City of Rochester, Minnesota Tax Increment Financing (Redevelopment) District No. 43-1 Proposed Broadway Project**

**Prelim. Projections with EMV of \$42,226,719 and 1% Market Value Inflation**

Taxing Jurisdiction	Without Project or TIF District		With Project and TIF District					
	2013/2014 Taxable Net Tax Capacity (1)	2013/2014 Local Tax Rate	2013/2014 Taxable Net Tax Capacity (1)	Projected Retained Captured Net Tax Capacity +	New Taxable Net Tax Capacity =	Hypothetical Adjusted Local Tax Rate (%)	Hypothetical Decrease In Local Tax Rate (%)	Hypothetical Tax Generated by Retained Captured N.T.C. (%)
City of Rochester	101,627,166	49.447%	101,627,166	\$978,982	102,606,148	48.975%	0.472%	479,458
Olmsted County	146,145,331	56.054%	146,145,331	978,982	147,124,313	55.681%	0.373%	545,107
ISD #535	118,188,191	22.219%	118,188,191	978,982	119,167,173	22.036%	0.183%	215,733
Other (2)	---	0.000%	---	978,982	---	0.000%	---	---
<b>Totals</b>		<b>127.720%</b>				<b>126.693%</b>	<b>1.027%</b>	

**\* Statement 1:** If the projected Retained Captured Net Tax Capacity of the TIF District was hypothetically available to each of the taxing jurisdictions above, the result would be a lower local tax rate (see Hypothetical Adjusted Tax Rate above) which would produce the same amount of taxes for each taxing jurisdiction. In such a case, the total local tax rate would decrease by 1.027% (see Hypothetical Decrease in Local Tax Rate above). The hypothetical tax that the Retained Captured Net Tax Capacity of the TIF District would generate is also shown above.

**Statement 2:** Since the projected Retained Captured Net Tax Capacity of the TIF District is not available to the taxing jurisdictions, then there is no impact on taxes levied or local tax rates.

- (1) Taxable net tax capacity = total net tax capacity - captured TIF - fiscal disparity contribution, if applicable.  
(2) The impact on these taxing jurisdictions is negligible since they represent only 0.00% of the total tax rate.

## Broadway at Center Project Analysis

Exhibit A

### Source of Funds

First Mortgage	\$ 97,906,017
City land writedown	\$ 2,815,000
City TIF skyway & streetscape	1,675,000
City TIF for site preparation	2,010,000
Equity	41,959,721
	<u>\$ 146,365,738</u>

### Use of Funds

Land Acquisition	\$ 11,050,000
City owned property	\$ 2,815,000
Building Construction	113,321,070
Site Work	686,500
TI Buildout	786,200
FF & E	7,265,000
Soft costs	10,441,968
	<u>\$ 146,365,738</u>

# Broadway at Center Project Analysis

## EXHIBIT B

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10									
100% leased, year one																			
RETAIL	22,700	\$	25	Base year one															
Revenue:																			
Base retail income (incr 3% per year)	\$ 717,150	\$	733,056	\$	750,524	\$	763,649	\$	807,159	\$	831,573	\$	856,515	\$	882,004	\$	908,464	\$	935,718
Common area reimbursement	297,873		300,315		316,020		323,301		335,266		345,924		355,893		365,354		377,344		388,585
Real estate tax reimbursement	20,669		155,017		203,889		210,623		215,039		219,440		223,727		228,201		232,765		237,421
Vacancy (5%)	(35,859)		(35,859)		(35,859)		(35,859)		(35,859)		(35,859)		(35,859)		(35,859)		(35,859)		(35,859)
Gross retail income	\$ 929,841	\$	1,103,564	\$	1,245,462	\$	1,280,780	\$	1,317,108	\$	1,354,468	\$	1,392,909	\$	1,432,458	\$	1,473,191	\$	1,515,016
Expenses:																			
Utilities	\$ 76,018	\$	78,296	\$	80,847	\$	83,567	\$	85,559	\$	88,125	\$	90,789	\$	93,492	\$	96,237	\$	98,185
Repairs & maintenance	37,282		38,411		40,750		41,972		43,231		44,528		45,864		47,240		48,657		49,143
Janitorial	43,029		44,320		45,669		47,019		48,430		49,862		51,379		52,820		54,308		55,143
Property manager	23,523		24,223		24,955		25,704		26,475		27,269		28,087		28,930		29,788		30,662
Security	26,886		29,547		30,433		31,340		32,286		33,253		34,293		35,290		36,339		37,429
Insurance	18,000		18,540		19,066		19,599		20,259		20,857		21,493		22,138		22,802		23,486
Management fee	35,858		35,933		36,041		36,182		40,358		41,569		42,816		44,100		45,423		46,786
Rent estate taxes	20,669		155,017		206,889		210,823		215,038		219,340		223,727		228,201		232,765		237,421
Elevator repair/maintenance	11,474		11,819		12,173		12,538		12,912		13,295		13,687		14,088		14,535		14,971
Trash	24,000		24,720		25,462		26,225		27,012		27,823		28,657		29,517		30,402		31,315
Total expenses (incr 3%/year excl RE Tax)	\$ 318,548	\$	481,832	\$	522,709	\$	536,323	\$	550,305	\$	564,664	\$	579,410	\$	594,555	\$	610,110	\$	626,085
Net operating income	\$ 610,293	\$	701,732	\$	722,753	\$	744,457	\$	766,801	\$	789,805	\$	813,499	\$	837,904	\$	863,041	\$	888,932
APARTMENTS (33 market rate)																			
Revenue:																			
Gross rents	\$ 849,859	\$	868,652	\$	883,965	\$	901,655	\$	919,698	\$	938,092	\$	956,854	\$	975,991	\$	995,511	\$	1,015,401
Vacancy	(239,860)		(173,320)		(88,389)		(67,825)		(45,985)		(28,935)		(17,843)		(8,800)		(4,789)		(2,711)
Gross retail income	\$ 599,999	\$	695,332	\$	795,576	\$	834,040	\$	873,713	\$	911,157	\$	939,011	\$	967,191	\$	995,722	\$	1,024,690
Expenses:																			
Administration	\$ 66,971	\$	68,980	\$	71,050	\$	73,181	\$	75,376	\$	77,636	\$	79,957	\$	82,336	\$	84,837	\$	87,382
Utilities	71,000		73,130		75,324		77,584		79,911		82,306		84,778		87,321		89,941		92,599
Operating & maintenance	86,738		89,340		92,020		94,781		97,624		100,553		103,570		106,677		109,877		113,173
Tax & insurance	189,000		204,970		211,119		217,453		223,978		230,698		237,618		244,745		252,087		259,749
Total expenses	\$ 423,709	\$	436,420	\$	449,513	\$	463,098	\$	477,898	\$	492,935	\$	508,331	\$	524,109	\$	539,742	\$	556,244
Net operating income	\$ 88,088	\$	258,912	\$	346,074	\$	371,042	\$	396,825	\$	423,953	\$	452,080	\$	481,083	\$	511,003	\$	541,446
HOTEL 264 Rooms																			
Revenue:																			
Occupancy	65.4%		67.9%		70.0%		70.5%		70.5%		70.5%		70.5%		70.5%		70.5%		70.5%
ADR	\$ 240.00	\$	245.00	\$	252.35	\$	259.92	\$	267.72	\$	275.75	\$	284.02	\$	292.54	\$	301.32	\$	310.35
Gross revenue	\$ 15,124,666	\$	16,023,968	\$	17,021,512	\$	17,532,158	\$	18,038,122	\$	18,539,886	\$	19,137,862	\$	19,732,596	\$	20,324,576	\$	20,934,313
Expenses:																			
Total department expenses	\$ 2,793,495	\$	2,938,831	\$	3,092,727	\$	3,238,248	\$	3,384,283	\$	3,541,898	\$	3,685,843	\$	3,851,768	\$	3,970,471	\$	4,123,963
Total undistributed operating expense	4,098,187		4,744,737		5,017,171		5,314,498		5,570,974		5,738,183		5,910,246		6,087,554		6,270,180		6,458,285
Royalties	1,098,727		1,122,088		1,191,506		1,227,251		1,264,089		1,301,981		1,341,030		1,381,282		1,422,720		1,465,402
House Profit	\$ 6,785,277	\$	7,228,302	\$	7,700,108	\$	7,762,151	\$	7,888,797	\$	8,145,086	\$	8,400,722	\$	8,745,984	\$	9,081,204	\$	9,396,862
Insurance	80,000		84,672		89,418		94,241		99,141		104,121		109,280		114,524		119,954		125,569
Real estate taxes	105,276		789,583		1,052,778		1,073,834		1,095,315		1,117,217		1,139,681		1,162,532		1,185,800		1,209,511
Management fees	604,987		641,199		680,860		701,285		722,525		743,965		765,314		786,364		807,193		827,373
Net operating income	\$ 5,996,012	\$	5,713,120	\$	5,971,368	\$	5,989,822	\$	5,951,120	\$	6,191,333	\$	6,430,322	\$	6,665,948	\$	6,897,280	\$	7,235,506
Consolidated Net Operating Income																			
Less:																			
TI reserves	\$ 57,409		\$ 57,409		\$ 57,409		\$ 57,409		\$ 57,409		\$ 57,409		\$ 57,409		\$ 57,409		\$ 57,409		\$ 57,409
Reserves	400,000		412,000		424,360		437,091		450,204		463,710		477,621		491,950		506,708		521,909
Debt Service	6,530,321		6,530,321		6,530,321		6,530,321		6,530,321		6,530,321		6,530,321		6,530,321		6,530,321		6,530,321
Cash Flows	\$ (224,339)	\$	(327,877)	\$	(31,638)	\$	(19,861)	\$	76,812	\$	328,460	\$	590,550	\$	880,255	\$	1,138,876	\$	1,426,695
Annual cash on cash return, no tax increment	-2.10%		-3.06%		-0.30%		-0.18%		0.72%		3.08%		5.52%		8.04%		10.64%		13.23%
Tax increment	\$ -	\$	-	\$	48,430	\$	456,782	\$	612,650	\$	612,650	\$	612,650	\$	612,650	\$	612,650	\$	612,650
Cash Flows with tax increment	\$ (224,339)	\$	(327,877)	\$	18,794	\$	437,081	\$	889,482	\$	942,140	\$	1,218,874	\$	1,504,843	\$	1,799,730	\$	2,104,427
Annual cash on cash return with increment	-2.10%		-3.06%		0.16%		4.08%		6.44%		8.80%		11.39%		14.08%		16.81%		19.59%
Sale of asset year 10																			
NOI	\$ 8,598,334																		
CAP rate	7.0%																		
FMV	\$ 121,947,634																		
Less selling costs 3%	\$ (3,658,428)																		
Less principal remaining	\$ (71,137,000)																		
Net proceeds	\$ 47,152,205																		
(CAP rate is best guess at this time)																			
Internal rate of return	1.9%																		
NOI with TIF	\$ 8,598,334																		
CAP rate	7.0%																		
FMV	\$ 121,947,634																		
Less selling costs 3%	\$ (3,658,428)																		
Less principal remaining	\$ (71,137,000)																		
Net proceeds	\$ 47,152,205																		
(CAP rate is best guess at this time)																			
Internal rate of return	1.9%																		
NOI with TIF	\$ 8,598,334																		
CAP rate	7.0%																		
FMV	\$ 121,947,634																		
Less selling costs 3%	\$ (3,658,428)																		
Less principal remaining	\$ (71,137,000)																		
Net proceeds	\$ 47,152,205																		
(CAP rate is best guess at this time)																			

Exhibit ① C



#### SUMMARY OF FINDINGS

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## Proposed Hilton Hotel

THE SOUTHEAST QUADRANT OF THE INTERSECTION FORMED BY SOUTH BROADWAY  
AND EAST CENTER STREET  
ROCHESTER, MINNESOTA



#### SUBMITTED TO:

Mr. Mark Steege  
Titan Development and Investments  
221 1st Avenue Southwest, Suite 300  
Rochester, New York, 55902

507-424-2162

#### PREPARED BY:

HVS Consulting and Valuation Services  
Division of TS Worldwide, LLC  
33972 North Oak Drive  
Pequot Lakes, Minnesota, 55472

303 588-6558



May 28, 2014

Mr. Mark Steege  
Titan Development and Investments  
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+1 (303) 588-6558  
+1 (970) 493-2919 FAX  
[www.hvs.com](http://www.hvs.com)

Re: Proposed Hilton Hotel  
Rochester, Minnesota  
HVS Reference: 2014020307

Dear Mr. Steege:

Pursuant to your request, we herewith submit our desktop summary of findings pertaining to the above-captioned property. At your request, we did not re-inspect the real estate; however, we analyzed the hotel market conditions in the Rochester area. We have studied the proposed project, and the summary results of our fieldwork and analysis are presented in this document. Our report was prepared in accordance with the Uniform Standards of Professional Practice (USPAP), as provided by the Appraisal Foundation.

We hereby certify that we have no undisclosed interest in the property, and our employment and compensation are not contingent upon our findings. This study is subject to the comments made throughout this report and to all assumptions and limiting conditions set forth herein.

Sincerely,  
TS Worldwide, LLC

Tanya J. Pierson, MAI, Managing Director  
TPierson@hvs.com, +1 (303) 588-6558

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# 1. Executive Summary

## Subject of the Study

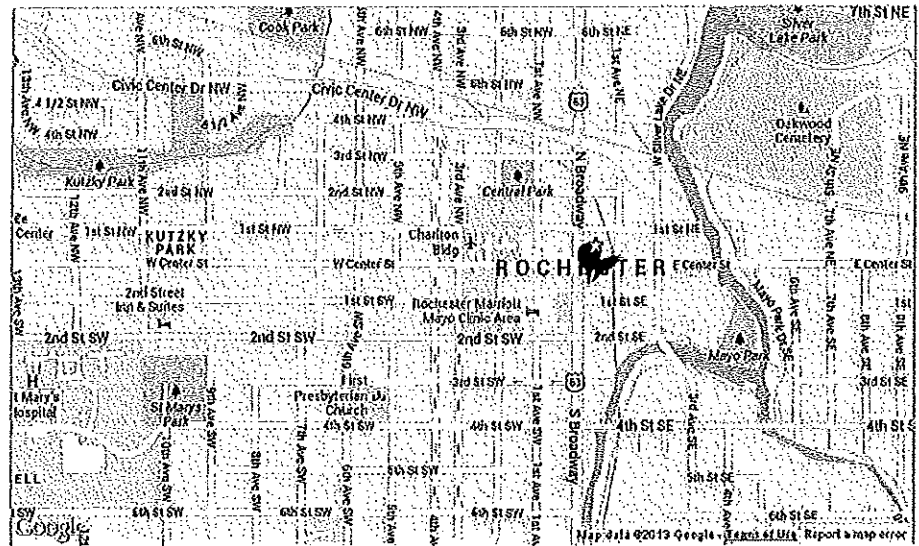
The subject of the study is a 18,618-square-foot (0.43-acre) parcel to be improved with a full-service lodging facility; the hotel will be affiliated with the Hilton Hotel brand. The property is expected to open on August 1, 2016 and will feature 200 rooms, two restaurants and lounges, and a lobby lounge, 10,000 to 11,000 square feet of meeting space, an indoor pool, an indoor whirlpool, an exercise room, a business center, a suite shop, and a guest laundry room. The hotel will also feature all necessary back-of-the-house space.

Hilton Hotels & Resorts, commonly known as simply Hilton, is the signature/flagship brand of Hilton Worldwide (formerly Hilton Hotels Corporation), recognized internationally as a preeminent hospitality company. With over 90 years of history, the Hilton brand is one of the largest hotel brands in the world, with locations in major city centers, near airports and convention centers, and in popular vacation destinations. Hilton hotels cater to business, group, and leisure travelers, with most properties featuring swimming pools and whirlpools, fitness centers, business centers, restaurant facilities, and meeting space, among other amenities. In addition, guests benefit from Hilton's worldwide reservations system and its highly acclaimed guest loyalty program, Hilton HHonors. As of year-end 2013, there were 246 Hilton hotels (100,118 rooms) operating in the U.S. In 2013, the Hilton brand operated at an average occupancy level of 72.7%, with an average daily rate of \$162.33 and an average RevPAR of \$118.01 (worldwide).

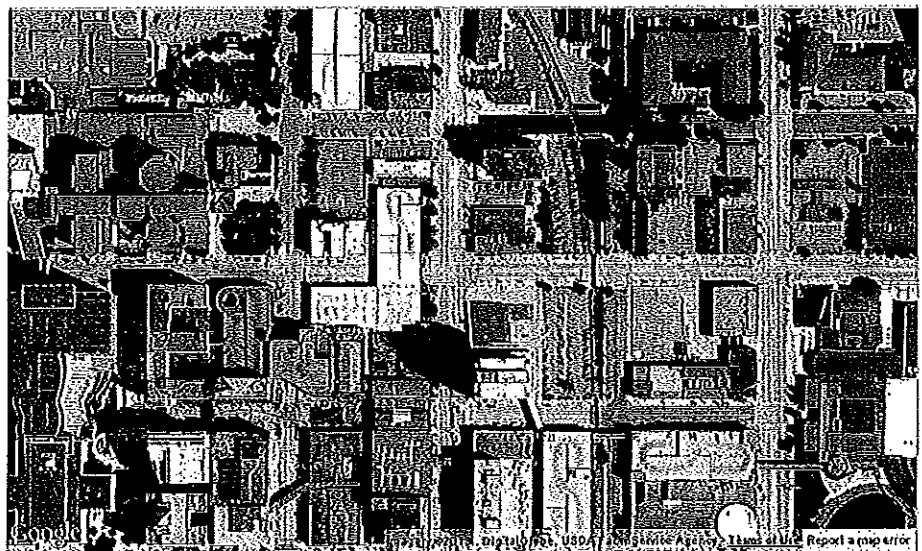
The subject site's location is the southeast quadrant of the intersection formed by South Broadway and East Center Street, Rochester, Minnesota, 55904.



## LOCATION MAP



## AERIAL PHOTOGRAPH





We have assumed that all utilities will be available to the site and that no hazards are present that will impede its development. We assume that the certificate of occupancy will be issued on or before this date for the entirety of the improvements.

#### **Ownership, Franchise, and Management Assumptions**

The developer of the proposed subject property is Titan Development Group, which is based in Rochester, Minnesota. The subject site consists of five parcels that were acquired over the last few years for a reported price of \$2,000,000. Additional details were not available.

The proposed hotel will be managed by Titan Hospitality. Details pertaining to management terms were not available for our review; therefore, our forecast fees represent a blended average of what would be expected on a base-fee and incentive-fee basis. We have assumed a market-appropriate base management fee of 3.0% of total revenues in our study.

The proposed subject property will reportedly operate under a franchise agreement with Hilton Worldwide as a full-service Hilton Hotel; terms of the agreement were not available for review due to the early stage of negotiations. Based on our review of the agreement's terms or expected terms, the Hilton Hotel franchise is reflected in our forecasts with a royalty fee of 5.00% of rooms revenue and a marketing assessment of 4.00% of rooms revenue. Reservations fees will also be due and are included in the rooms expense line item of our forecast.

#### **Overview of Local Area Economy**

Rochester is a city in and the county seat of Olmsted County, Minnesota. Rochester's economy includes strong sectors such as healthcare, high technology, and agriculture. For over 140 years, the city of Rochester has remained the regional center for industry and commerce in southeastern Minnesota and northwestern Iowa. The city is perhaps best known as the home of Mayo Clinic and was ranked in Forbes Magazine's 2012 top 50 "Best Small Places for Business and Careers." In 2014, Rochester was ranked #7 in the "Top 100 Best Places to Live" by Livability.com

Locally, the unemployment rate was 4.5% in 2012; for this same area in 2014, the most recent month's unemployment rate was registered at 4.5%, versus 4.8% for the same month in 2013.

The following bullet points highlight major demand generators for this market:

- The healthcare sector plays a critical role in the strength and stability of the Rochester market. Mayo Clinic, the city's largest employer, is one of the world's preeminent healthcare institutions. The system, which comprises Mayo Clinic, Saint Mary's Hospital, and Rochester Methodist Hospital, is visited by over



350,000 patients per year. In 2013 Mayo Clinic was named number three in the "America's Best Hospitals" list by U.S. News & World Report; the Rochester Mayo Clinic was ranked number one in the nation in the five clinical areas of gynecology, diabetes and endocrinology, gastroenterology, pulmonology, and nephrology. Mayo Clinic is in the process of expanding its Rochester campus, and a \$187.5-million cancer treatment center known as the Mayo Clinic's Proton Beam Therapy Program recently completed construction. The new facility, which will be undergoing testing and calibration for 15 months, is expected to treat 1,240 patients per year beginning mid-year 2015. Additionally, Mayo is currently expanding its sports medicine facility; the addition is expected to open in the spring of 2014, and the number of patients with sports injuries treated at the facility is anticipated to triple in the five to ten years following the expansion. Furthermore, in January of 2013, Mayo announced plans for Destination Medical Center, a 20-year, \$5-billion economic development initiative to secure Rochester's status as a top medical destination. In May of 2013, the senate approved up to \$404 million for public infrastructure projects as part of the development; the contribution from the state would begin once Mayo invests \$200 million for construction of buildings in Rochester. The development is anticipated to create an additional \$2.1 billion in private investment and approximately 30,000 jobs over two decades.

- IBM Rochester, while known predominantly as the development and manufacturing home of the IBM iSeries, is also a center of competence for many of the operating environments and emerging workloads that make up today's IT environment. The mile-long IBM complex is one of the largest private employers in the city and plays a significant role in the company's e-business strategy. While IBM no longer discloses its employment figures, it is estimated that the company employs between 2,800 and 3,000 on its Rochester campus. The IBM facility has been downsizing its workforce in recent years from a peak of approximately 4,200 employees. In March of 2013, IBM announced plans to begin assembling servers at a facility in Guadalajara, Mexico and to move refurbishing of used machines to Poughkeepsie, New York. The company stated that some manufacturing will stay in Rochester and that changes should be completed by mid-year 2014.
- Agriculture and agri-business, including a cannery and three dairy processors, account for a large percentage of local business. Agriculture is the third-largest industry in Olmsted County, with over 60% of the acres in the county devoted to farmland. Dairy product companies Kemps LLC, Pace Dairy Food Co., and Associated Milk Producers, Inc. have combined total annual sales of over \$3 billion. In addition, Seneca Foods Corporation packs peas and corn farmed on over 97,000 acres in Olmsted County, providing hundreds of seasonal jobs each summer.



As home to the world-renowned Mayo Clinic, the Rochester market benefits from an extensive healthcare sector. Although supported by a relatively stable industry base, the Rochester area was affected by the national recession in 2009. Our research and interviews with market participants revealed that the market began a period of recovery in 2010, which has continued into 2014. Current and future development within the healthcare sector, including the opening of Mayo Clinic's Proton Beam Therapy Program, expansions of its sports medicine facility, and the Clinic's 20-year, \$5-billion planned investment in the city, should stimulate new jobs during the next several years.

This area is served by Rochester International Airport. Air traffic registered 277,504 passengers in 2004; by 2013, this level had changed to 223,791. The change in passenger traffic between 2012 and 2013 was 4.3%; moreover, a rate of change of 3.8% was registered in the year-to-date period for 2014 when compared with the same period for 2013. Allegiant Air recently announced it would be terminating its service into Rochester in 2014.

This market offers a limited number of tourist and leisure attractions. The peak season for tourism in this area is from May to September. Leisure demand consists primarily of travelers passing through en route to other destinations, people visiting friends or relatives, and other similar weekend demand generators. Primary attractions in the area include the following:

- Quarry Hill Nature Center was built on Quarry Hill Park, a 290-acre city park with many trails, a fossil bed, a fishing pond, caves, and much more. Quarry Hill Park is home to hundreds of different animals and plants.
- The History Center of Olmsted County collects, preserves, and interprets the history of Olmsted County and includes a museum and a genealogical library. Mayowood Mansion is also nearby and is owned and operated by the History Center of Olmsted County.
- The Plummer House of the Arts is an English Tudor Mansion that sits among eleven acres of beautifully landscaped grounds, formal gardens, a bird trail, a quarry, and a water tower.
- Each July and August, the Olmsted County Fair features a variety of musical entertainment, and the 1st Avenue Street Market & Concert Series highlights local musicians throughout the summer season.

Rochester has been ranked as one of the fastest growing submarkets in Minnesota and the nation, and it continues to benefit from commercial growth such as the Proton Beam Therapy Program. The Rochester area, however, was not immune to the effects of the recent national recession. In the Mayo Clinic Campus area, for example, reduced travel, shorter patient visits, unemployment, and the loss of



#### **Overview of Local Area Lodging Market Trends**

healthcare benefits are some of the ways that the downturn affected the market, particularly in 2009. Nevertheless, over the last few years, the area's economy, anchored by a strong healthcare sector, has supported increases in employment and population, allowing the city to take advantage of the ongoing economic recovery. In addition, expansions related to the Mayo Clinic bode well for the local economy. Overall, the outlook for the area is generally optimistic.

The 200-room Proposed Hilton Hotel will be located in Rochester, Minnesota. Based on an evaluation of the occupancy, rate structure, market orientation, chain affiliation, location, facilities, amenities, reputation, and quality of each area hotel, as well as the comments of management representatives, we have identified several properties that are expected to be primarily competitive with the proposed subject hotel.

Smith Travel Research (STR) is an independent research firm that compiles and publishes data on the lodging industry, and this information is routinely used by typical hotel buyers. HVS has ordered and analyzed an STR Trend Report of historical supply and demand data for this competitive set.



**FIGURE 1-1 HISTORICAL SUPPLY AND DEMAND TRENDS (STR)**

Average Daily		Available Room		Occupied Room		Average				
Year	Room Count	Nights	Change	Nights	Change	Occupancy	Rate	Change	RevPAR	Change
2002	1,797	655,784	—	428,027	—	65.3 %	\$86.70	—	\$56.59	—
2003	1,858	678,170	3.4 %	415,313	(3.0) %	61.2	88.46	2.0 %	54.17	(4.3) %
2004	1,910	697,216	2.8	444,159	6.9	63.7	91.06	2.9	58.01	7.1
2005	1,976	721,419	3.5	439,895	(1.0)	61.0	97.57	7.1	59.50	2.6
2006	2,064	753,360	4.4	469,671	6.8	62.3	102.26	4.8	63.75	7.1
2007	2,064	753,360	0.0	507,207	8.0	67.3	106.47	4.1	71.68	12.4
2008	2,041	744,965	(1.1)	498,273	(1.8)	66.9	113.93	7.0	76.21	6.3
2009	2,041	744,965	0.0	474,130	(4.8)	63.6	111.67	(2.0)	71.07	(6.7)
2010	2,041	744,965	0.0	465,931	(1.7)	62.5	118.89	6.5	74.36	4.6
2011	2,041	744,965	0.0	479,515	2.9	64.4	124.52	4.7	80.15	7.8
2012	2,089	762,440	2.3	473,901	(1.2)	62.2	125.35	0.7	77.91	(2.8)
2013	2,120	773,800	1.5	514,272	8.5	66.5	131.70	5.1	87.53	12.3
Average Annual Compounded Change:										
2002-2013			1.5 %	1.7 %			3.9 %			4.0 %
Year-to-Date Through February										
2013	2,120	125,080	—	69,104	—	55.2 %	\$126.32	—	\$69.79	—
2014	2,120	125,080	0.0 %	81,856	18.5 %	65.4	135.41	7.2 %	88.62	27.0 %
Hotels Included In Sample					Number of Rooms	Year Affiliated	Year Opened			
Kahler Inn & Suites					271	Jun 1991	Jun 1991			
Holiday Inn Express & Suites Rochester West Medical Center					85	Jun 2012	Jun 2012			
Aspen Suites					82	Nov 2012	Oct 2002			
Courtyard Rochester Mayo Clinic Area St Marys					117	Oct 2005	Oct 2005			
Residence Inn Rochester Mayo Clinic Area					89	Jun 2004	Jun 2004			
Springhill Suites Rochester Mayo Clinic Area St Marys					86	Jan 1999	May 1998			
Marriott Rochester Mayo Clinic Area					202	Mar 1998	Mar 1989			
The Kahler Grand Hotel					660	Jun 1927	Jun 1927			
Holiday Inn Rochester Downtown					173	Feb 2012	Jul 1971			
Hilton Garden Inn Rochester Downtown					143	Mar 1999	Mar 1999			
Doubletree Rochester Mayo Clinic Area					212	Jul 2009	Mar 1989			
Total					2,120					
Source: STR Global										

Patients, doctors, and vendors visiting Mayo Clinic's various hospitals and facilities represent the primary source of demand for this market. Conversations with the Convention and Visitors Bureau (CVB) indicate that approximately 67% of area demand is generated by individuals and families visiting the clinic. During the historical period reviewed, occupancy levels generally remained in the low to mid-60s. In 2007, market-wide occupancy grew to the second-highest level historically achieved as a local flood led to increased demand from FEMA workers and



insurance companies. The market maintained a strong 67% occupancy level in 2008; however, demand levels declined in 2009 with the completion of flood-related activities, combined with a continued deterioration of the national economy. Market participants report that increases in unemployment across the nation, the loss of healthcare benefits, and declines in the average length of stay required to receive medical services reduced the number of medical center visitors during the recession. Occupancy noted a rebound in 2011 along with the national economic recovery. In 2012, market-wide occupancy declined slightly as new supply entered the market but was quick to rebound in 2013 as the Mayo Clinic reportedly increased appointment availability, which resulted in more patient traffic. The latest year-to-date data for 2014 show continued occupancy growth, as patient visits continue to increase.

Average rate in the local market registered positive growth from 2003 through 2008. The strength of the economy during that time, combined with the entrance of new high-quality hotels, such as the Courtyard by Marriott and Residence Inn by Marriott, as well as renovations to existing hotels, allowed local hotel operators to increase rates. Strong demand levels encouraged average rate growth through 2008. Average rates declined modestly in 2009; however, the recessionary impact was not as severe as in many other U.S. markets. Average rates rebounded in 2010, and this positive trend continued through 2013 as the national and local lodging markets began to normalize. The latest year-to-date 2014 data illustrate a further increase.

The following table illustrates the historical occupancy and average levels for selected hotels in the market.





FIGURE 1-2 PRIMARY COMPETITORS – OPERATING PERFORMANCE

Property	Estimated 2011					Estimated 2012					Estimated 2013				
	Number of Rooms	Mayo	Meeting and Commercial	Weighted Annual Room Count	Average Rate	RevPAR	Weighted Annual Room Count	Average Rate	RevPAR	Occup.	RevPAR	Weighted Annual Room Count	Average Rate	RevPAR	Occupancy Penetration
DoubleTree by Hilton Rochester Mayo Clinic Area	212	50 %	25 %	212	\$145.00	\$94.50	212	\$147.00	\$97.02	71 %	\$151.00	212	\$151.00	\$107.21	107.5 %
Marriott Rochester Mayo Clinic	202	50 %	20 %	202	\$205.00	\$123.00	202	\$204.00	\$134.64	66 %	\$220.00	202	\$220.00	\$149.50	111.1 %
Hilton Garden Inn Rochester Downtown	143	52 %	20 %	143	\$114.00	\$80.94	143	\$115.00	\$80.50	70 %	\$119.00	143	\$119.00	\$86.87	7.9 %
Kaiser Grand Hotel	668	50 %	30 %	668	\$112.00	\$64.96	668	\$113.00	\$63.85	57 %	\$123.00	668	\$123.00	\$75.03	17.5 %
Kaiser Inn & Suites Rochester	271	75 %	15 %	271	\$108.00	\$68.04	271	\$111.00	\$71.04	64 %	\$118.00	271	\$118.00	\$80.24	13.0 %
Sub-Totals/Averages	1,496	55 %	24 %	1,496	\$128.90	\$78.15	1,496	\$131.12	\$81.00	61.8 %	\$139.45	1,496	\$139.45	\$94.73	12.3 %
Secondary Competitors	532	68 %	13 %	283	\$117.45	\$51.79	310	\$120.21	\$57.67	61.4 %	\$113.42	327	\$113.42	\$76.32	12.8 %
Totals/Averages	2,128	57 %	22 %	1,780	\$127.53	\$74.81	1,806	\$127.55	\$78.71	61.7 %	\$134.70	1,823	\$134.70	\$98.97	13.0 %

FIGURE 1-3 SECONDARY COMPETITORS – OPERATING PERFORMANCE

Property	Estimated 2011					Estimated 2012					Estimated 2013				
	Number of Rooms	Mayo	Meeting and Commercial	Total Competitive Level	Weighted Annual Room Count	Average Rate	RevPAR	Weighted Annual Room Count	Average Rate	RevPAR	Occup.	RevPAR	Weighted Annual Room Count	Average Rate	RevPAR
Residence Inn by Marriott Rochester Mayo Clinic Area	89	70 %	5 %	25 %	89	\$134.00	\$107.20	89	\$138.00	\$104.12	82 %	\$142.00	89	\$142.00	\$113.60
Holiday Inn Rochester Downtown	173	65 %	20 %	15 %	119	0.00	0.00	121	\$1.00	40.04	121	56	56	\$1.00	\$0.96
Courtyard by Marriott Rochester Mayo Clinic Area Saint Marys	117	70 %	15 %	15 %	59	\$104.00	\$42.24	59	\$113.00	\$70.01	59	76	76	\$113.00	\$83.68
Springhill Suites by Marriott Rochester Mayo Clinic Area Saint Marys	86	70 %	10 %	20 %	43	\$104.00	\$70.72	43	\$101.00	\$77.77	43	79	79	\$107.00	\$84.53
Holiday Inn Express Hotel & Suites Rochester West Medical Center	85	70 %	10 %	20 %	0	0.00	0.00	25	\$104.00	\$53.04	43	57	57	\$118.00	\$72.26
Totals/Averages	632	68 %	13 %	19 %	283	\$117.45	\$51.79	310	\$113.42	\$76.32	61.4 %	\$113.42	327	\$113.42	\$76.32



Our survey of the primarily competitive hotels in the local market shows a range of lodging types and facilities. Each primary competitor was inspected and evaluated.

According to the City of Rochester Planning Office, and our research and inspection (as applicable), new supply expected to be competitive within the proposed subject hotel's competitive submarket is outlined in the following table.

**FIGURE 1-4 NEW SUPPLY**

Proposed Property	Number of Rooms	Total Competitive Level	Weighted Room Count	Estimated Opening Date	Developer
Proposed Hilton Hotel	200	100 %	200	August 1, 2016	Titan Investments
Homewood Suites	108	50	54	August 1, 2014	Torgerson Properties
Microtel	86	0	0	January 1, 2015	PLC, Inc.
La Quinta	83	0	0	April 1, 2014	PLC, Inc.
Comfort Suites	77	50	39	March 1, 2015	Northridge Hospitality
Staybridge Suites	109	50	55	January 1, 2015	NHS Grand Forks, LLC
Fairfield Inn	91	50	46	February 1, 2015	Realty Growth, Inc.
<b>Totals/Averages</b>	<b>754</b>		<b>393</b>		

Including the subject property, seven hotels are proposed for the greater Rochester market. The Homewood Suites by Hilton and Staybridge Suites have been considered secondarily competitive given their proposed locations and extended-stay orientations. The Comfort Suites and Fairfield Inn by Marriott have been weighted secondarily competitive in our analysis given their anticipated lower rate structures and their locations. Given the limited-service, midscale orientation of the Microtel and La Quinta, these two properties have only been considered qualitatively in our positioning of the proposed subject hotel's stabilized occupancy level. Additionally, a luxury hotel is being discussed as part of a mixed-use development at the current site of the Affiliated Bank building; however, due to the preliminary nature of this project as of the date of this report, we have only considered this property qualitatively in our analysis.

Market segmentation is a useful procedure because individual classifications often exhibit unique characteristics in terms of growth potential, seasonality of demand, average length of stay, double occupancy, facility requirements, price sensitivity, and so forth. By quantifying the room-night demand by market segment and analyzing the characteristics of each segment, the demand for transient accommodations can be projected.



**FIGURE 1-5 ACCOMMODATED ROOM-NIGHT DEMAND**

Market Segment	Marketwide	
	Accommodated Demand	Percentage of Total
Mayo	252,215	57 %
Meeting and Group	96,510	22
Commercial	90,860	21
<b>Total</b>	<b>439,584</b>	<b>100 %</b>

Various types of economic and demographic data were then evaluated to determine their propensity to reflect changes in hotel demand. Based on this procedure, we forecast the following average annual compounded market-segment growth rates.

**FIGURE 1-6 AVERAGE ANNUAL COMPOUNDED MARKET SEGMENT GROWTH RATES**

Market Segment	Annual Growth Rate					
	2014	2015	2016	2017	2018	2019
Mayo	3.5 %	3.5 %	2.0 %	1.0 %	1.0 %	0.0 %
Meeting and Group	-3.0	1.0	1.0	1.0	2.0	0.0
Commercial	0.5	1.0	1.0	0.5	0.0	0.0
<b>Base Demand Growth</b>	<b>1.5 %</b>	<b>2.5 %</b>	<b>1.6 %</b>	<b>0.9 %</b>	<b>1.0 %</b>	<b>0.0 %</b>

The following table details our projection of lodging demand growth for the subject market, including the total number of occupied room nights and any residual unaccommodated demand in the market.



**FIGURE 1-7 FORECAST OF MARKET OCCUPANCY**

	2013	2014	2015	2016	2017	2018	2019
<b>Mayo</b>							
Base Demand	252,215	261,042	270,179	275,582	278,338	281,122	281,122
Unaccommodated Demand	39,677	41,066	41,887	42,306	42,306	42,729	42,729
Total Demand	300,720	311,245	317,470	320,645	320,645	323,851	323,851
Growth Rate		19.2 %	3.5 %	2.0 %	1.0 %	1.0 %	0.0 %
<b>Meeting and Group</b>							
Base Demand	95,510	93,614	94,550	95,496	96,451	98,380	98,380
Unaccommodated Demand		3,990	4,030	4,070	4,111	4,193	4,193
Total Demand		97,604	98,580	99,566	100,562	102,573	102,573
Growth Rate		1.1 %	1.0 %	1.0 %	1.0 %	2.0 %	0.0 %
<b>Commercial</b>							
Base Demand	90,860	91,314	92,227	93,150	93,616	93,616	93,616
Unaccommodated Demand		3,167	3,199	3,231	3,247	3,247	3,247
Total Demand		94,481	95,426	96,381	96,862	96,862	96,862
Growth Rate		4.0 %	1.0 %	1.0 %	0.5 %	0.0 %	0.0 %
<b>Totals</b>							
Base Demand	439,584	445,971	456,957	464,228	468,405	473,117	473,117
Unaccommodated Demand		45,834	48,295	49,188	49,664	50,169	50,169
Total Demand		492,805	505,251	513,416	518,069	523,286	523,286
less: Residual Demand		44,133	25,850	14,558	0	0	0
Total Accommodated Demand		448,672	479,401	498,859	518,069	523,286	523,286
Overall Demand Growth		2.1 %	6.8 %	4.1 %	3.9 %	1.0 %	0.0 %
<b>Market Mix</b>							
Mayo	57.4 %	61.0 %	61.6 %	61.8 %	61.9 %	61.9 %	61.9 %
Meeting and Group	22.0	19.8	19.5	19.4	19.4	19.6	19.6
Commercial	20.7	19.2	18.9	18.8	18.7	18.5	18.5
Existing Hotel Supply	1,823	1,823	1,823	1,824	1,823	1,823	1,823
<b>Proposed Hotels</b>							
Proposed Hilton Hotel	1			83	200	200	200
Homewood Suites	2	23	54	54	54	54	54
Microtel	3						
La Quinta	4						
Comfort Suites	5		32	39	39	39	39
Staybridge Suites	6		54	55	55	55	55
Fairfield Inn	7		42	46	46	46	46
Available Rooms per Night	665,541	673,803	732,122	766,404	808,804	808,804	808,804
Nights per Year	365	365	365	365	365	365	365
Total Supply	1,823	1,846	2,005	2,100	2,216	2,216	2,216
Rooms Supply Growth	—	1.2 %	8.7 %	4.7 %	5.5 %	0.0 %	0.0 %
Marketwide Occupancy	66.0 %	66.6 %	65.5 %	65.1 %	64.1 %	64.7 %	64.7 %

- 1 Opening in August 2016 of the 100% competitive, 200-room Proposed Hilton Hotel
- 2 Opening in August 2014 of the 50% competitive, 108-room Homewood Suites
- 3 Opening in January 2015 of the 0% competitive, 86-room Microtel
- 4 Opening in April 2014 of the 0% competitive, 83-room La Quinta
- 5 Opening in March 2015 of the 50% competitive, 77-room Comfort Suites
- 6 Opening in January 2015 of the 50% competitive, 109-room Staybridge Suites
- 7 Opening in February 2015 of the 50% competitive, 91-room Fairfield Inn



These room-night projections for the market area are used in determining the proposed subject hotel's expected occupancy levels based on penetration levels forecast by segment.

**Forecast of the  
Proposed subject  
hotel's Occupancy**

The proposed subject hotel's occupancy forecast is set forth as follows, with the adjusted projected penetration rates used as a basis for calculating the amount of captured market demand.

**FIGURE 1-8 FORECAST OF SUBJECT PROPERTY'S OCCUPANCY**

Market Segment	2016	2017	2018	2019
<b>Mayo</b>				
Demand	305,073	320,645	323,851	323,851
Market Share	3.7 %	8.8 %	8.8 %	8.8 %
Capture	11,285	28,298	28,581	28,581
Penetration	93 %	98 %	98 %	98 %
<b>Meeting and Group</b>				
Demand	98,361	100,562	102,573	102,573
Market Share	3.9 %	10.1 %	11.0 %	11.0 %
Capture	3,807	10,112	11,316	11,316
Penetration	98 %	111 %	122 %	122 %
<b>Commercial</b>				
Demand	95,424	96,862	96,862	96,862
Market Share	4.3 %	11.4 %	11.8 %	11.8 %
Capture	4,146	11,028	11,403	11,403
Penetration	110 %	126 %	130 %	130 %
<b>Total Room Nights Captured</b>	<b>19,237</b>	<b>49,439</b>	<b>51,299</b>	<b>51,299</b>
<b>Available Room Nights</b>	<b>30,400</b>	<b>73,000</b>	<b>73,000</b>	<b>73,000</b>
<b>Subject Occupancy</b>	<b>63 %</b>	<b>68 %</b>	<b>70 %</b>	<b>70 %</b>
<b>Marketwide Available Room Nights</b>	<b>766,404</b>	<b>808,804</b>	<b>808,804</b>	<b>808,804</b>
<b>Fair Share</b>	<b>4 %</b>	<b>9 %</b>	<b>9 %</b>	<b>9 %</b>
<b>Marketwide Occupied Room Nights</b>	<b>498,859</b>	<b>518,069</b>	<b>523,286</b>	<b>523,286</b>
<b>Market Share</b>	<b>4 %</b>	<b>10 %</b>	<b>10 %</b>	<b>10 %</b>
<b>Marketwide Occupancy</b>	<b>65 %</b>	<b>64 %</b>	<b>65 %</b>	<b>65 %</b>
<b>Total Penetration</b>	<b>97 %</b>	<b>106 %</b>	<b>109 %</b>	<b>109 %</b>

These positioned segment penetration rates result in the following market segmentation forecast.



**FIGURE 1-9 MARKET SEGMENTATION FORECAST – SUBJECT PROPERTY**

	2016	2017	2018	2019
Mayo	59 %	57 %	56 %	56 %
Meeting and Group	20	20	22	22
Commercial	22	22	22	22
Total	100 %	100 %	100 %	100 %

These projections reflect years beginning August 1, 2016, which correspond to the first projection year in the forecast of income and expense for the proposed subject hotel.

**FIGURE 1-10 FORECAST OF OCCUPANCY**

Year	Subject Property's Occupancy
2016/17	66 %
2017/18	69
2018/19	70

#### Forecast of the Proposed subject hotel's Average Rate

The primary competitive market realized an overall average rate of \$139.46 in the 2013 base year, improving from the 2012 level of \$131.12. The Marriott Rochester Mayo Clinic achieved the highest estimated average rate in the local competitive market, by a significant margin, because of its full-service product type, array of amenities, and location on the Mayo Clinic Campus. Other important rate aspects of this market include proximity and connectivity to Downtown Rochester and Mayo Clinic facilities. The selected rate position for the proposed subject property, in base-year dollars, takes into consideration factors such as its skyway connection to Mayo Clinic, its all-suite room inventory, its complimentary food and beverage offerings, and its new construction. We have selected the rate position of \$185.00, in base-year dollars, for the proposed subject hotel.



**FIGURE 1-11 MARKET AND SUBJECT PROPERTY AVERAGE RATE FORECAST**

Area-wide Market (Calendar Year)				Subject Property (Calendar Year)			
Year	Occupancy	Average Rate Growth	Average Rate	Occupancy	Average Rate Growth	Average Rate	Average Rate Penetration
Base Year	66.0 %	—	\$134.70	—	—	\$185.00	137.3 %
2014	66.6	4.0 %	140.09	—	4.0 %	192.40	137.3
2015	65.5	2.0	142.89	—	2.0	196.25	137.3
2016	65.1	3.0	147.18	63.0 %	3.0	202.14	137.3
2017	64.1	4.0	153.06	68.0	4.5	211.23	138.0
2018	64.7	3.0	157.65	70.0	3.5	218.62	138.7
2019	64.7	3.0	162.38	70.0	3.0	225.18	138.7

A new property must establish its reputation and a client base in the market during its ramp-up period; as such, the proposed subject hotel's average rates in the initial operating period have been discounted to reflect this likelihood. We have forecast a 5.0% discount to the proposed subject hotel's forecast room rate in the first operating year, which would be typical for a new operation of this type.

The following average rates will be used to project the subject property's rooms revenue. This forecast reflects years beginning on August 1, 2016 and corresponds with our financial projections.

**FIGURE 1-12 FORECAST OF AVERAGE RATE**

Year	Occupancy	Average Rate Before Discount	Discount	Average Rate After Discount
2016/17	66 %	\$207.42	5.0 %	\$197.05
2017/18	69	215.53	0.0	215.53
2018/19	70	222.43	0.0	222.43

#### Forecast of Income and Expense

The following table presents a detailed forecast through the fifth projection year, including amounts per available room (PAR) and per occupied room (POR). The second table illustrates our ten-year forecast of income and expense, presented with a lesser degree of detail. The forecasts pertain to years that begin on August 1, 2016, expressed in inflated dollars for each year.



It is important to note that all food and beverage service, with the exception of a lobby bar, will be leased to a third party operator, and therefore, all related income and expenses have been excluded from our projections. The lobby lounge is the only food and beverage outlet included in our forecast of income and expense





FIGURE 1-13 DETAILED FORECAST OF INCOME AND EXPENSE

	2016/17 Begins August				2017/18				Stabilized				2019/20				2030/31			
Number of Rooms:	200	70%	200	70%	200	70%	200	70%	200	70%	200	70%	200	70%	200	70%	200	70%	200	70%
Occupancy:	66%		66%		66%		66%		66%		66%		66%		66%		66%		66%	
Average Rate:	\$197.05		\$215.53		\$215.53		\$215.53		\$215.53		\$215.53		\$215.53		\$215.53		\$215.53		\$215.53	
Rev/PAR:	\$130.05		\$143.71		\$143.71		\$143.71		\$143.71		\$143.71		\$143.71		\$143.71		\$143.71		\$143.71	
Days Open:	365		365		365		365		365		365		365		365		365		365	
Occupied Rooms:	48,180	%Gross	PAR	POR	%Gross	PAR	POR	%Gross	PAR	POR	%Gross	PAR	POR	%Gross	PAR	POR	%Gross	PAR	POR	%Gross
REVENUE																				
Rooms	\$9,494	94.0 %	\$47,470	\$197.05	\$10,856	94.4 %	\$54,280	\$215.53	\$11,366	94.4 %	\$55,830	\$222.43	\$11,707	94.4 %	\$58,535	\$229.10	\$12,059	94.4 %	\$60,295	\$235.99
Beverage	107	1.1	535	2.22	114	1.0	570	2.27	119	1.0	584	2.32	122	1.0	612	2.39	126	1.0	630	2.47
Other Operated Departments	14	0.1	69	0.29	14	0.1	72	0.28	15	0.1	74	0.29	15	0.1	76	0.30	16	0.1	79	0.31
Other	408	4.0	2,039	8.47	429	3.7	2,147	8.52	445	3.7	2,227	8.72	459	3.7	2,294	8.98	473	3.7	2,363	9.25
Rentals & Other Income	83	0.8	413	1.71	86	0.7	431	1.71	89	0.7	443	1.74	92	0.7	459	1.80	95	0.7	473	1.85
Total Revenue	10,105	100.0	50,527	209.74	11,500	100.0	57,500	223.31	12,084	100.0	60,171	235.50	12,395	100.0	61,976	242.57	12,768	100.0	63,939	249.86
DEPARTMENTAL EXPENSES *																				
Rooms	2,309	24.3	11,515	47.80	2,434	21.2	12,069	47.92	2,501	22.0	12,503	48.94	2,576	22.0	12,878	50.40	2,653	22.0	13,264	51.92
Food & Beverage	89	82.0	439	1.82	92	80.5	459	1.82	95	80.0	475	1.86	96	80.0	489	1.92	101	80.0	504	1.97
Other Operated Departments	28	202.4	139	0.58	29	200.6	144	0.57	30	200.0	148	0.58	31	200.0	153	0.60	32	200.0	158	0.62
Other	354	86.8	1,769	7.34	367	85.4	1,834	7.28	379	85.0	1,893	7.41	390	85.0	1,950	7.63	402	85.0	2,008	7.86
Total	2,773	27.4	13,864	57.55	2,901	25.2	14,507	57.60	3,004	25.0	15,030	58.79	3,094	25.0	15,470	60.55	3,187	25.0	15,935	62.37
DEPARTMENTAL INCOME	7,333	72.6	36,663	152.19	8,599	74.8	42,993	170.71	9,080	75.0	45,151	176.72	9,301	75.0	46,506	182.02	9,581	75.0	47,905	187.49
UNDISTRIBUTED OPERATING EXPENSES																				
Administrative & General	895	8.9	4,476	18.58	944	8.2	4,721	18.74	976	8.1	4,882	19.11	1,006	8.1	5,028	19.68	1,036	8.1	5,179	20.27
Marketing	469	4.6	2,345	9.73	495	4.3	2,473	9.82	511	4.2	2,557	10.01	527	4.2	2,634	10.31	543	4.2	2,713	10.52
Franchise Fee	854	8.5	4,272	17.73	977	8.5	4,885	19.40	1,023	8.5	5,115	20.02	1,054	8.5	5,268	20.62	1,085	8.5	5,427	21.24
Prop. Operations & Maint.	482	4.8	2,158	8.96	481	4.2	2,403	9.54	523	4.3	2,615	10.24	539	4.3	2,694	10.84	555	4.3	2,774	10.86
Utilities	426	4.2	2,131	8.85	450	3.9	2,248	8.93	465	3.9	2,325	9.10	479	3.9	2,394	9.37	493	3.9	2,466	9.55
Total	3,076	30.5	15,382	63.85	3,346	29.1	16,730	66.43	3,499	29.0	17,493	68.47	3,604	29.0	18,018	70.92	3,712	29.0	18,559	72.64
HOUSE PROFIT	4,256	42.1	21,281	88.34	5,253	45.7	26,264	104.28	5,592	46.0	27,658	108.25	5,698	46.0	28,488	111.50	5,869	46.0	29,346	114.85
Management Fee	303	3.0	1,516	6.29	345	3.0	1,725	6.85	361	3.0	1,805	7.07	372	3.0	1,859	7.28	383	3.0	1,915	7.50
INCOME BEFORE FIXED CHARGES	3,953	39.1	19,765	82.05	4,908	42.7	24,539	97.43	5,171	43.0	25,853	101.18	5,326	43.0	26,622	104.22	5,486	43.0	27,430	107.36
FIXED EXPENSES																				
Property Taxes	601	5.9	3,004	12.47	616	5.4	3,079	12.23	634	5.3	3,171	12.41	653	5.3	3,267	12.78	673	5.3	3,365	13.17
Insurance	66	0.7	329	1.36	68	0.6	339	1.34	70	0.6	349	1.36	72	0.6	359	1.41	74	0.6	370	1.45
Reserve for Replacement	202	2.0	1,011	4.19	345	3.0	1,725	6.85	461	4.0	2,407	9.42	496	4.0	2,479	9.70	511	4.0	2,554	9.99
Total	869	8.6	4,344	18.03	1,029	9.0	5,143	20.42	1,185	9.9	5,927	23.20	1,221	9.9	6,105	23.99	1,258	9.9	6,388	24.61
NET INCOME	\$3,084	30.5 %	\$15,422	\$64.02	\$3,879	33.7 %	\$19,396	\$77.01	\$3,983	33.1 %	\$19,926	\$77.99	\$4,105	33.1 %	\$20,524	\$80.33	\$4,228	33.1 %	\$21,142	\$82.75

\*Departmental expenses are expressed as a percentage of departmental revenues.



FIGURE 1-14 TEN-YEAR FORECAST OF INCOME AND EXPENSE

	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
Number of Rooms:	200	200	200	200	200	200	200	200	200	200
Occupied Rooms:	18,180	50,370	51,100	51,100	51,100	51,100	51,100	51,100	51,100	51,100
Occupancy:	66%	69%	70%	70%	70%	70%	70%	70%	70%	70%
Average Rate:	\$197.05 % of	\$215.53 % of	\$222.43 % of	\$228.11 % of	\$235.98 % of	\$243.06 % of	\$250.35 % of	\$257.85 % of	\$265.60 % of	\$273.57 % of
Revenue:	\$130.05 Gross	\$148.71 Gross	\$155.70 Gross	\$160.37 Gross	\$165.19 Gross	\$170.14 Gross	\$175.25 Gross	\$180.50 Gross	\$185.92 Gross	\$191.50 Gross
REVENUE										
Rooms	\$9,494 94.0 %	\$10,856 94.4 %	\$11,566 94.4 %	\$11,707 94.4 %	\$12,059 94.4 %	\$12,420 94.4 %	\$12,793 94.4 %	\$13,177 94.4 %	\$13,572 94.4 %	\$13,979 94.4 %
Beverage	107 1.1	114 1.0	119 1.0	122 1.0	126 1.0	130 1.0	134 1.0	138 1.0	142 1.0	146 1.0
Other Operated Departments	14 0.1	14 0.1	15 0.1	15 0.1	16 0.1	16 0.1	17 0.1	17 0.1	18 0.1	18 0.1
Other	408 4.0	429 3.7	445 3.7	459 3.7	473 3.7	487 3.7	501 3.7	516 3.7	532 3.7	548 3.7
Rentals & Other Income	83 0.8	86 0.7	89 0.7	92 0.7	95 0.7	97 0.7	100 0.7	103 0.7	106 0.7	110 0.7
Total	10,105 100.0	11,900 100.0	12,094 100.0	12,395 100.0	12,768 100.0	13,150 100.0	13,545 100.0	13,952 100.0	14,370 100.0	14,801 100.0
DEPARTMENTAL EXPENSES*										
Rooms	2,303 24.3	2,414 22.2	2,501 21.0	2,576 22.0	2,659 22.0	2,732 22.0	2,814 22.0	2,899 22.0	2,986 22.0	3,075 22.0
Food & Beverage	88 82.0	92 80.5	95 80.0	98 80.0	101 80.0	104 80.0	107 80.0	110 80.0	113 80.0	117 80.0
Other Operated Departments	28 202.4	29 200.6	30 200.0	31 200.0	32 200.0	32 200.0	33 200.0	34 200.0	35 200.0	37 200.0
Other	354 95.8	367 85.4	379 85.0	390 85.0	402 85.0	414 85.0	426 85.0	439 85.0	452 85.0	466 85.0
Total	2,773 27.4	2,901 25.2	3,004 25.0	3,094 25.0	3,187 25.0	3,283 25.0	3,381 25.0	3,482 25.0	3,587 25.0	3,695 25.0
DEPARTMENTAL INCOME	7,332 72.6	8,999 74.8	9,090 75.0	9,301 75.0	9,581 75.0	9,868 75.0	10,164 75.0	10,469 75.0	10,783 75.0	11,106 75.0
UNDISTRIBUTED OPERATING EXPENSES										
Administrative & General	895 8.9	944 8.2	976 8.1	1,006 8.1	1,035 8.1	1,067 8.1	1,099 8.1	1,132 8.1	1,166 8.1	1,201 8.1
Marketing	469 4.6	495 4.3	511 4.2	527 4.2	543 4.2	559 4.2	576 4.2	593 4.2	611 4.2	629 4.2
Franchise Fee	854 8.5	977 8.5	1,023 8.5	1,054 8.5	1,085 8.5	1,118 8.5	1,151 8.5	1,186 8.5	1,221 8.5	1,258 8.5
Prop. Operations & Maint.	432 4.3	481 4.2	523 4.3	539 4.3	555 4.3	572 4.3	589 4.3	606 4.3	625 4.3	643 4.3
Utilities	426 4.2	450 3.9	465 3.9	479 3.9	493 3.9	508 3.9	523 3.9	539 3.9	555 3.9	572 3.9
Total	3,076 30.5	3,345 29.1	3,499 29.0	3,604 29.0	3,712 29.0	3,823 29.0	3,938 29.0	4,056 29.0	4,178 29.0	4,303 29.0
HOUSE PROFIT	4,256 42.1	5,253 45.7	5,592 46.0	5,698 46.0	5,869 46.0	6,045 46.0	6,225 46.0	6,413 46.0	6,605 46.0	6,803 46.0
Management Fee	303 3.0	345 3.0	361 3.0	372 3.0	383 3.0	395 3.0	406 3.0	419 3.0	431 3.0	444 3.0
INCOME BEFORE FIXED CHARGES	3,953 39.1	4,908 42.7	5,171 43.0	5,376 43.0	5,485 43.0	5,650 43.0	5,820 43.0	5,993 43.0	6,174 43.0	6,359 43.0
FIXED EXPENSES										
Property Taxes	601 5.9	616 5.4	634 5.3	653 5.3	673 5.3	693 5.3	714 5.3	735 5.3	757 5.3	780 5.3
Insurance	66 0.7	68 0.6	70 0.6	72 0.6	74 0.6	76 0.6	78 0.6	81 0.6	83 0.6	86 0.6
Reserve for Replacement	202 2.0	345 3.0	481 4.0	496 4.0	511 4.0	526 4.0	542 4.0	558 4.0	575 4.0	592 4.0
Total	869 8.6	1,029 9.0	1,185 9.9	1,221 9.9	1,258 9.9	1,295 9.9	1,334 9.9	1,374 9.9	1,415 9.9	1,458 9.9
NET INCOME	\$3,084 30.5 %	\$3,879 33.7 %	\$3,985 33.1 %	\$4,105 33.1 %	\$4,228 33.1 %	\$4,355 33.1 %	\$4,486 33.1 %	\$4,620 33.1 %	\$4,759 33.1 %	\$4,901 33.1 %

\*Departmental expenses are expressed as a percentage of departmental revenues.



Our positioning of each revenue and expense level is supported by comparable operations or trends specific to this market.

In conclusion, our analysis reflects a profitable operation, with net income expected to total 33.1% of total revenue by the stabilized year. The stabilized total revenue comprises primarily rooms revenue, with a secondary portion derived from other income sources. On the cost side, departmental expenses total 25.0% of revenue by the stabilized year, while undistributed operating expenses total 29.0% of total revenues; this assumes that the property will be operated competently by a well-known hotel operator. After a 3.0% of total revenues management fee, and 9.9% of total revenues in fixed expenses, a net income ratio of 33.1% is forecast by the stabilized year.

#### Method of Study

The methodology used to develop this study is based on the market research and valuation techniques set forth in the textbooks authored by HVS for the American Institute of Real Estate Appraisers and the Appraisal Institute, entitled *The Valuation of Hotels and Motels*,<sup>1</sup> *Hotels, Motels and Restaurants: Valuations and Market Studies*,<sup>2</sup> *The Computerized Income Approach to Hotel/Motel Market Studies and Valuations*,<sup>3</sup> and *Hotels and Motels: A Guide to Market Analysis, Investment Analysis, and Valuations*.<sup>4</sup>

1. The subject site was most recently evaluated in June of 2013 from the viewpoint of its physical utility for the future operation of a hotel, as well as access, visibility, and other relevant location factors.
2. The surrounding economic environment, on both an area and neighborhood level, has been reviewed to identify specific hospitality-related economic and demographic trends that may have an impact on future demand for hotels.
3. Dividing the market for transient accommodations into individual segments defines specific market characteristics for the types of travelers expected to utilize the area's hotels. The factors investigated include purpose of visit, average length of stay, required facilities and amenities, seasonality, daily demand fluctuations, and price sensitivity.

<sup>1</sup> Stephen Rushmore, *The Valuation of Hotels and Motels*. (Chicago: American Institute of Real Estate Appraisers, 1978).

<sup>2</sup> Stephen Rushmore, *Hotels, Motels and Restaurants: Valuations and Market Studies*. (Chicago: American Institute of Real Estate Appraisers, 1983).

<sup>3</sup> Stephen Rushmore, *The Computerized Income Approach to Hotel/Motel Market Studies and Valuations*. (Chicago: American Institute of Real Estate Appraisers, 1990).

<sup>4</sup> Stephen Rushmore, *Hotels and Motels: A Guide to Market Analysis, Investment Analysis, and Valuations*. (Chicago: Appraisal Institute, 1992).



4. An analysis of existing and proposed competition provides an indication of the current accommodated demand, along with market penetration and the degree of competitiveness.
5. The subject property's proposed improvements have been evaluated or recommended for optimal capture of demand in this market and at the subject site's location.
6. Documentation for an occupancy and average rate projection is derived utilizing the build-up approach based on an analysis of lodging activity.
7. A detailed projection of income and expense made in accordance with the Uniform System of Accounts for the Lodging Industry sets forth the anticipated economic benefits of the subject property.

**Date of Inspection**

The subject site was not inspected for this analysis. The subject site was most recently inspected by Theresa Greene on June 26, 2013.



## 2. Statement of Assumptions and Limiting Conditions

1. This report is set forth as a summary of findings only for a market study of the proposed subject hotel; this is not an appraisal report.
2. This report is to be used in whole and not in part.
3. No responsibility is assumed for matters of a legal nature, nor do we render any opinion as to title, which is assumed to be marketable and free of any deed restrictions and easements. The property is evaluated as though free and clear unless otherwise stated.
4. We assume that there are no hidden or unapparent conditions of the sub-soil or structures, such as underground storage tanks, that would impact the property's development potential. No responsibility is assumed for these conditions or for any engineering that may be required to discover them.
5. We have not considered the presence of potentially hazardous materials or any form of toxic waste on the project site. The consultants are not qualified to detect hazardous substances, and we urge the client to retain an expert in this field if desired.

The Americans with Disabilities Act (ADA) became effective on January 26, 1992. We have assumed the proposed hotel would be designed and constructed to be in full compliance with the ADA.

6. We have made no survey of the site, and we assume no responsibility in connection with such matters. Sketches, photographs, maps, and other exhibits are included to assist the reader in visualizing the property. It is assumed that the use of the described real estate will be within the boundaries of the property described, and that no encroachment will exist.
7. All information, financial operating statements, estimates, and opinions obtained from parties not employed by TS Worldwide, LLC are assumed to be true and correct. We can assume no liability resulting from misinformation.
8. Unless noted, we assume that there are no encroachments, zoning violations, or building violations encumbering the subject property.
9. The property is assumed to be in full compliance with all applicable federal, state, local, and private codes, laws, consents, licenses, and regulations (including a liquor license where appropriate), and that all



licenses, permits, certificates, franchises, and so forth can be freely renewed or transferred to a purchaser.

10. All mortgages, liens, encumbrances, leases, and servitudes have been disregarded unless specified otherwise.
11. None of this material may be reproduced in any form without our written permission, and the report cannot be disseminated to the public through advertising, public relations, news, sales, or other media.
12. We are not required to give testimony or attendance in court by reason of this analysis without previous arrangements, and only when our standard per-diem fees and travel costs are paid prior to the appearance.
13. If the reader is making a fiduciary or individual investment decision and has any questions concerning the material presented in this report, it is recommended that the reader contact us.
14. We take no responsibility for any events or circumstances that take place subsequent to the date of our field inspection.
15. The quality of a lodging facility's on-site management has a direct effect on a property's economic viability. The financial forecasts presented in this analysis assume responsible ownership and competent management. Any departure from this assumption may have a significant impact on the projected operating results.
16. The estimated operating results presented in this report are based on an evaluation of the overall economy, and neither take into account nor make provision for the effect of any sharp rise or decline in local or national economic conditions. To the extent that wages and other operating expenses may advance during the economic life of the property, we expect that the prices of rooms, food, beverages, and services will be adjusted to at least offset those advances. We do not warrant that the estimates will be attained, but they have been prepared based upon information obtained during the course of this study and are intended to reflect the expectations of a typical hotel investor.
17. This analysis assumes continuation of all provisions of the Internal Revenue Code of 1986, as amended to date.
18. Many of the figures presented in this report were generated using sophisticated computer models that make calculations based on numbers carried out to three or more decimal places. In the interest of simplicity, most numbers have been rounded to the nearest tenth of a percent. Thus, these figures may be subject to small rounding errors.



19. It is agreed that our liability to the client is limited to the amount of the fee paid as liquidated damages. Our responsibility is limited to the client, and use of this report by third parties shall be solely at the risk of the client and/or third parties. The use of this report is also subject to the terms and conditions set forth in our engagement letter with the client.
20. Evaluating and comprising financial forecasts for hotels is both a science and an art. Although this analysis employs various mathematical calculations to provide value indications, the final forecasts are subjective and may be influenced by our experience and other factors not specifically set forth in this report.
21. This study was prepared by TS Worldwide, LLC. All opinions, recommendations, and conclusions expressed during the course of this assignment are rendered by the staff of TS Worldwide, LLC as employees, rather than as individuals.



### 3. Certification

The undersigned hereby certify that, to the best of our knowledge and belief:

1. the statements of fact presented in this report are true and correct;
2. the reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, impartial, and unbiased professional analyses, opinions, and conclusions;
3. we have no (or the specified) present or prospective interest in the property that is the subject of this report and no (or the specified) personal interest with respect to the parties involved;
4. we have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment;
5. our engagement in this assignment was not contingent upon developing or reporting predetermined results;
6. our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined result or direction in performance that favors the cause of the client, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this study;
7. our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice;
8. Tanya J. Pierson, MAI participated in the analysis and reviewed the findings, but did not personally inspect the property;
9. no one other than those listed above and the undersigned prepared the analyses, conclusions, and opinions concerning the real estate that are set forth in this report;
10. Tanya J. Pierson, MAI has performed one market study on the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment;
11. the reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and the Standards of Professional Appraisal Practice of the Appraisal Institute;





12. the use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives; and
13. as of the date of this report, Tanya J. Pierson, MAI has completed the requirements of the continuing education program of the Appraisal Institute.

A handwritten signature in cursive script, reading 'Tanya J. Pierson'.

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Tanya J. Pierson, MAI  
Managing Director  
TS Worldwide, LLC



## Penetration Explanation

Let us illustrate the penetration adjustment with an example.

A market has three existing hotels with the following operating statistics:

### BASE-YEAR OCCUPANCY AND PENETRATION LEVELS

Property	Number of Rooms	Fair Share	Commercial	Meeting and Group	Leisure	Occupancy	Penetration
Hotel A	100	23.5 %	60 %	20 %	20 %	75.0 %	100.8 %
Hotel B	125	29.4	70	10	20	65.0	87.4
Hotel C	200	47.1	30	60	10	80.0	107.5
Totals/Average	425	100.0 %	47 %	38 %	15 %	74.4 %	100.0 %

Based upon each hotel's room count, market segmentation, and annual occupancy, the annual number of room nights accommodated in the market from each market segment can be quantified, as set forth below.

### MARKET-WIDE ROOM NIGHT DEMAND

Market Segment	Annual Room Night Demand	Percentage of Total
Commercial	54,704	47.4 %
Meeting and Group	43,481	37.7
Leisure	17,246	14.9
Total	115,431	100.0 %

The following discussion will be based upon an analysis of the commercial market segment. The same methodology is applied for each market segment to derive an estimate of a hotel's overall occupancy. The table below sets forth the commercial demand accommodated by each hotel. Each hotel's commercial penetration factor is computed by:



- 1) calculating the hotel's market share % of commercial demand (commercial room nights accommodated by subject hotel divided by total commercial room nights accommodated by all hotels) and
- 2) dividing the hotel's commercial market share % by the hotel's fair share %.

The following table sets forth each hotel's fair share, commercial market share, and commercial penetration factor.

COMMERCIAL SEGMENT PENETRATION FACTORS					
Property	Number of Rooms	Fair Share	Commercial Capture	Commercial Market Share	Commercial Penetration
Hotel A	100	23.5 %	16,425	30.0 %	127.6 %
Hotel B	125	29.4	20,759	37.9	129.0
Hotel C	200	47.1	17,520	32.0	68.1
Totals/Average	425	100.0 %	54,704	100.0 %	100.0 %

If a new 100-room hotel enters the market, the fair share of each hotel changes because of the new denominator, which has increased by the 100 rooms that have been added to the market.

COMMERCIAL SEGMENT FAIR SHARE		
Property	Number of Rooms	Fair Share
Hotel A	100	19.0 %
Hotel B	125	23.8
Hotel C	200	38.1
New Hotel	100	19.0
Total	525	100.0 %

The new hotel's penetration factor is projected for its first year of operation. It is estimated that the hotel will capture (penetrate) only 85% of its fair share as it establishes itself in the market. The new hotel's market share and room night capture can be calculated based upon the hotel's estimated penetration factor. When the market share of the existing hotels and that of the new hotel are added up, they no longer equal 100% because of the new hotel's entry into the market. The market share of each hotel must be adjusted to reflect the change in the denominator that comprises the sum of each hotel's market share.



This adjustment can be mathematically calculated by dividing each hotel's market share percentages by the new denominator of 97.1%. The resulting calculations reflect each hotel's new adjusted market share. The sum of the adjusted market shares equals 100%, indicating that the adjustment has been successfully completed. Once the market shares have been calculated, the penetration factors can be recalculated (adjusted market share divided by fair share) to derive the adjusted penetration factors based upon the new hotel's entry into the market. Note that each existing hotel's penetration factor actually increases because the new hotel is capturing (penetrating) less than its fair share of demand.

#### COMMERCIAL SEGMENT PROJECTIONS (YEAR 1)

Property	Number of Rooms	Fair Share	Hist./Proj. Penetration Factor	Hist./Proj. Market Share	Adjusted Market Share	Adjusted Penetration Factor	Projected Capture
Hotel A	100	19.0 %	127.6 %	24.3 %	25.0 %	131.4 %	13,688
Hotel B	125	23.8	129.0	30.7	31.6	132.8	17,299
Hotel C	200	38.1	68.1	25.9	26.7	70.1	14,600
New Hotel	100	19.0	85.0	16.2	16.7	87.5	9,117
Totals/Average	525	100.0 %		97.1 %	100.0 %		54,704

In its second year of operation, the new hotel is projected to penetrate above its fair share of demand. A penetration rate of 130% has been chosen, as the new hotel is expected to perform at a level commensurate with Hotel A and Hotel B in this market segment. The same calculations are performed to adjust market share and penetration factors. Note that now the penetration factors of the existing hotels decline below their original penetration rates because of the new hotel's above-market penetration. Also, note that after the market share adjustment, the new hotel retains a penetration rate commensurate with Hotel A and Hotel B, though the penetration rates of all three hotels have declined by approximately nine percentage points because of the reapportionment of demand.

Once the market shares of each hotel have been adjusted to reflect the entry of the new hotel into the market, the commercial room nights captured by each hotel may be projected by multiplying the hotel's market share percentage by the total commercial room-night demand. This calculation is shown below.



## COMMERCIAL SEGMENT PROJECTIONS (YEAR 2)

Property	Number of Rooms	Fair Share	Hist./Proj. Penetration Factor	Hist./Proj. Market Share	Adjusted Market Share	Adjusted Penetration Factor	Projected Capture
Hotel A	100	19.0 %	131.4 %	25.0 %	23.1 %	121.5 %	12,662
Hotel B	125	23.8	132.8	31.6	29.3	122.9	16,004
Hotel C	200	38.1	70.1	26.7	24.7	64.8	13,507
New Hotel	100	19.0	130.0	24.8	22.9	120.3	12,531
Totals/Average	525	100.0 %		108.1 %	100.0 %		54,704



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## Tanya Pierson, MAI

### EMPLOYMENT

<i>1994 to present</i>	HVS CONSULTING AND VALUATION SERVICES Denver, Colorado and Minneapolis, Minnesota
<i>1993 - 1994</i>	TABLE MOUNTAIN INN Golden, Colorado
<i>1993</i>	RICHFIELD HOTEL MANAGEMENT Denver, Colorado
<i>1992 - 1993</i>	HOTEL BOULDERADO Boulder, Colorado
<i>1991</i>	CAESARS TAHOE Stateline, Nevada
<i>1990</i>	LA QUINTA MOTOR INN Denver, Colorado

### EDUCATION AND OTHER TRAINING

BSBA - Hotel, Restaurant and Tourism Management, University of Denver

*Certified General Appraiser Classes Completed:*

- NCRE: 200 - Basic Appraisal Principles and Procedures
- NCRE: 201 - Basic Appraisal Applications
- NCRE: 208 - Standards and Ethics
- NCRE: 203 - Small Residential Income Properties
- NCRE: 211 - Certified Residential: Reporting,  
Reviewing, and Analyzing Appraisals
- NCRE: 215 - Appraisal Principles and Advanced  
Applications
- NCRE: 216 - Income Capitalization
- NCRE: 219 - Commercial Case Studies



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**EDUCATION AND OTHER  
TRAINING (CONTINUED)**

*Continuing Education Courses:*

Real Estate Finance  
Course 400: National USPAP Update  
Appraisal Loss Prevention Seminar  
Market Valuation & Financial Considerations  
Developing & Growing an Appraisal Practice  
Capitalization Rate Models  
Feasibility, Market Value & Investment Timing  
Using Your HP12C  
Small Hotel/Motel Valuation  
Internet Search Strategies for Appraisers  
Valuation of Detrimental Conditions in Real Estate  
Analyzing Operating Expenses  
What Commercial Clients Would Like Appraisers to Know  
Course 550: Advanced Applications  
Course 530: Advanced Sales Comparison and Cost Approach  
Course 510: Advanced Income Capitalization  
General Appraiser Market Analysis and HBU  
Advanced Applications  
Business Practices and Ethics  
Report Writing  
Risky Business: Ways to Minimize Your Liability  
Mortgage Fraud - Protect Yourself  
Perspectives from Commercial Review Appraisers  
Ad Valorem Tax Consultation  
Introduction to Legal Description  
Fundamentals of Separating Real, Personal Property, and Intangible Business Assets  
Annual USPAP Updates  
Appraisal Institute Comprehensive Exam - Passed

**STATE CERTIFICATIONS**

California, Colorado, Illinois, Minnesota, Nebraska, Wisconsin, North Dakota



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#### ARTICLES AND MENTIONS

<i>HVS Journal</i>	"Market Intelligence Report 2013: Minneapolis," August 2013
<i>HVS Journal</i>	"HVS Market Intelligence Report: Minneapolis, Minnesota," co-authored with Tess Federer, June 2012
<i>Minneapolis-St. Paul Business Journal</i>	"Grand Hotel for Sale as Wirth Tests the Waters," October 2, 2009
<i>Denver Business Journal</i>	"Seven Hotels Retain U.S. 36 Plans," October 3, 2008
<i>Missoulian</i>	"Foreclosure won't shutter Holiday Inn Parkside," March 25, 2005
<i>The Hotel Valuation Journal</i>	"Major U.S. Transactions-Mid-Year 2004," August 2004
<i>The Hotel Valuation Journal</i>	"Telecommunication Evolution and its Impact on the Hotel Industry," January 2003
<i>Colorado Real Estate Journal</i>	"US 36 Hotel Market Diversifies," April 18, 2001
<i>e-hospitality.com</i>	"Too Many Rooms: Lessons to Learn from Salt Lake City," August 8, 2000 – Feature Article
<i>The Hotel Valuation Journal</i>	"Why Hotel Markets Crash – Salt Lake City as a Blueprint," September 2000
<i>The Hotel Valuation Journal</i>	"From Lodging to Senior Housing – A Natural Trend?" September 1998
<i>The Hotel Valuation Journal</i>	"The South Pacific - Paradise Lost or Found?" June 1997

#### CONFERENCE ENGAGEMENTS

Panelist at Hunter Hotel Investment Conference – March 2013
Panelist at the Lodging Conference – September 2010
HVS Valuation Summit, Minneapolis – June 2012, May 2013
<i>Minnesota Real Estate Journal</i> , Hotel & Hospitality Conference – September 2012





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**EDITING AND LECTURE  
ASSIGNMENTS**

Guest Speaker, HRTM 3500: Lodging III - University of Denver – October 1999, February 2000, November 2000  
Guest Speaker, TOM 3400: Hotel Management and Opportunities- University of Colorado -- January 2004, September 2004  
Guest Speaker, HRTM 4440: Hotel Asset Management – University of Denver – May 2004  
Guest Speaker, Lodging Valuation -- University of Denver – May 2007, May 2008, May 2009, May 2010  
Contributing Editor, *Hotel Investments Handbook*, 1997

**PROFESSIONAL  
AFFILIATIONS**

Appraisal Institute – Designated Member (MAI)  
Boulder, Colorado CVB – Advisory Board, 2008 – 2011  
Eastern Carolina University – Hospitality Management Advisory Board, 2008 – 2011  
University of Denver Visiting Committee, 1997/98  
University of Denver MBA Curriculum Review Committee, 2000  
University of Denver HRTM Society  
Eta Sigma Delta



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**EXAMPLES OF COROPRATE AND  
INSTITUTIONAL CLIENTS SERVED**

1<sup>st</sup> Bank  
21c Hotels  
9920 Hotels LLC  
Access Point Financial  
Adams Bank & Trust  
Aldrich, Eastman & Waltch, L.P.  
Allegro Hotels and Resorts  
American Financial Mortgage  
Amstar Group Limited  
Archon Group, L.P.  
Ashford Financial Corporation  
Ashford Hospitality Trust  
Ballard, Spahr, Andrews & Ingersoll,  
LLP  
Banc One  
Bank of America  
Bank of Boston  
Bank of the West  
Bankers Trust  
Barclays Capital  
BBG  
Best Western International  
BHA Stonehouse Association  
Boykin Lodging Company  
Bremer Bank  
Butler Burgher Group  
Capmark Finance Inc.  
CDC Mortgage Capital  
Centier Bank  
Chase Manhattan Bank  
CIBC World Markets  
CNL Real Estate Advisors  
CS First Boston  
CSM Corporation  
Choice Hotels International  
Citizens National Bank  
City of Boulder  
City of Westminster  
Colonial Bank  
Colony Capital Acquisitions, LLC  
Columbia Sussex Corporation  
Column Financial  
Compass Bank  
Concept Restaurants, Inc.

Conitrade Services, LLC  
CP Sanibel LLC  
Credit Lyonnaise  
Crested Butte Mountain Resort  
CW Capital  
Daiwa Securities International  
Debartolo Holdings  
Denver Athletic Club  
Deutsche Bank Securities  
Dollar Bank FSB  
Dougherty Funding LLC  
Driftwood Ventures  
Equity Inns  
Finova Capital  
FirstBank  
First National Bank of Boulder  
First National Bank of Omaha  
First National Bank of Santa Fe  
First National Bank of South Dakota  
First Security Commercial Mortgage  
Firststar Bank  
FirstTier Bank  
Focus Enterprises, Inc.  
Franchise Concepts Unlimited  
GE Capital  
Glacier Bank  
GMAC Commercial Mortgage  
GoldenTree Asset Management  
Goldman Sachs  
Great Western Bank  
Greenwich Capital  
Guaranty Bank & Trust  
Gustin Property Group  
Hamister Group  
HEI Hotels  
Heller Financial  
Henley Holding Company  
HilMAC  
Hilton Mortgage Acceptance  
Corporation  
Hinshaw & Culbertson LLC  
Hodges Ward Elliott  
Hospitality Properties Trust  
Host Marriott  
HVS Hotel Management  
Hypo Real Estate Capital Corp.  
Independence Bank One of California

ING/Northmarq  
Inland Pacific Colorado, LLC  
Interlocken Advanced Technology  
Interwest Property Company  
Investco  
Island Inn & Suites  
ITT Sheraton Corporation  
Ivory Tusk, LLC  
JD Ford and Company  
Jefferies LoanCore  
JP Morgan Chase  
Kettler  
Krisch Hotels  
Labovitz Enterprises  
Larken, Inc.  
LaSalle Bank  
LeBoeuf Lamb Green & MacRae  
Lehman Brothers  
Lennar Partners  
Larimer Associates  
Lexington Mortgage  
Lincoln National Life  
Lion Hotel Group  
LNR  
Macy Development  
Madison Capital Management Manor  
Care  
Madison Hospitality Group  
Marriott International  
Marshall Investments Corporation  
McGough Companies  
Meridian Group  
Merrill Lynch Capital  
Mesa West Capital  
Meta Bank  
Mille Lacs Band of Ojibwe  
Miller & Schroeder  
MONY Life Insurance Company  
Morgan Stanley  
Morrissey Hospitality  
Mortenson Development  
MSP Metropolitan Airports  
Commission  
National Bank of Indianapolis  
National Lodging  
Nations Bank  
Nevada Gold & Casino, Inc.



New Mexico Bank & Trust  
Nomura Securities International  
North Central Group  
North Hill Suites, LLC  
OPPUBCO Development Corp.  
Paine Webber  
Patriot American Hospitality  
PNC Bank, National Association  
Principal Real Estate  
Prudential  
RAM Hotels  
Raymond James  
RBS  
Rialto Capital  
Richfield Hospitality Services, Inc.  
Riskpro  
River Valley Development Corp.  
Riverwood Bank  
RREEF  
Ryan Companies  
Sage Hospitality  
Sagecrest, LLC  
Salomon Brothers Realty  
Security Bank  
Self-Help Bank  
Self Help Credit Union  
Servico, Inc.  
Seva Holdings  
Shaner Hotel Group  
Signature Hospitality  
Skopbank  
Sonmar Hospitality  
Sonnenblick Goldman  
Snow Goose Investments  
Starwood Capital  
Starwood Property Trust  
Steptoe & Johnson, LLP  
Stone Mountain Partners  
Stonebridge Companies  
Stout Street Hospitality  
Studio Ventures  
Suburban Capital  
Summit Hotel Properties  
Sunrise Banks  
Tebco Development Company  
Telemark Owners Association  
The Capital Company of America

The Guardian Life Insurance Company  
of America  
The Weglarz Group  
Titan Development  
UBS  
United Properties  
UrbanAmerica  
US Bancorp  
US Bank  
US Bank Piper Jaffary  
VVI Corporation  
Walker Field Airport Authority  
Waterford Development Corp.  
Wells Fargo Bank  
Westin Hotels and Resorts  
WestRock Association, LLC  
WestStar Bank  
White Lodging Services Corp.  
Windmill Inns of America  
Wintrust Financial Corporation  
Woodbine Development Corp.  
WPB Hospitality  
The World Company  
W.P. Carey & Co. LLC  
WRK, LLC  
Wyndham International, Inc.

#### EXAMPLES OF PROPERTIES APPRAISED OR EVALUATED

#### PORTFOLIO ANALYSIS

Portfolio of 650 Extended StayAmerica  
Hotels, Various Locations  
Portfolio of 365 La Quinta-Owned  
Hotels, Various Locations  
Portfolio of 11 Boykin-Owned Hotels,  
Various Locations  
Portfolio of 48 Hotels, Various  
Locations (Due Diligence)  
Portfolio of 57 RFS-Owned Hotels,  
Various Locations  
Portfolio of 34 Athletic Clubs Facilities,  
Various Locations  
Portfolio of 13 Suburban Lodges,  
Various Locations

Portfolio of 21 Equity Inns Properties,  
Various Locations  
Portfolio of 10 Marriott Properties,  
Various Locations  
Portfolio of 6 Summerfield Suites,  
Various Locations  
Portfolio of 5 Heart of America  
Properties, Various Locations  
Multiple Portfolios of Summit-Owned  
Properties, Various Locations  
Portfolio of 8 La Quinta Properties,  
Various Locations  
Portfolio of 11 Real Estate Capital  
Partners-Owned Properties,  
California  
Portfolio of 26 Summit-Owned  
Properties, Various Locations  
Portfolio of 11 Tharaldson-Managed  
Properties, Various Locations  
Portfolio of 5 LNR-Owned Properties,  
Various Locations  
Multiple Portfolios of Highland-Owned  
Properties, Various Locations  
Portfolio of 8 Hyatt Place Properties,  
Various Locations  
Portfolio of 5 DoubleTree Hotels,  
Tennessee  
Portfolio of 160 Tharaldson-Managed  
Properties, Various Locations

#### ALABAMA

Proposed Hotel, Auburn  
Hilton, Birmingham  
Hilton Garden Inn Lakeshore,  
Birmingham  
Hilton Garden Inn Liberty Park,  
Birmingham  
Holiday Inn, Birmingham  
Hampton Inn, Dothan  
Holiday Inn, Dothan  
Holiday Inn Express, Gadsden  
Proposed 4-Star Hotel, Huntsville  
Clarion Hotel, Mobile  
Proposed USA Hotel, Mobile  
Proposed Hotel, Montgomery  
Proposed Hotel, Prattville



Holiday Inn, Sheffield

#### ALASKA

Hampton Inn, Anchorage  
Holiday Inn, Anchorage  
Marriott, Anchorage  
Proposed Embassy Suites, Anchorage  
Proposed Hampton Inn, Fairbanks

#### ARIZONA

Carefree Resort, Carefree  
Courtyard by Marriott, Chandler  
Hampton Inn, Chandler  
Homewood Suites, Chandler  
Proposed Home2 Suites, Chandler  
Proposed Hotel Site, Chandler  
AmeriSuites, Flagstaff  
Courtyard by Marriott, Flagstaff  
Embassy Suites, Flagstaff  
Howard Johnson, Flagstaff  
SpringHill Suites, Flagstaff  
Proposed Home2 Suites, Glendale  
Proposed Hotel, Glendale  
Holiday Inn Express, Goodyear  
Hampton Inn & Suites, Goodyear  
Proposed Hotel Site, Goodyear  
Residence Inn by Marriott, Mesa  
Proposed Hotel, Oro Valley  
Arizona Biltmore Resort & Spa, Phoenix  
Crowne Plaza, Phoenix  
Embassy Suites, Phoenix  
Fairfield Inn by Marriott, Phoenix  
Hampton Inn, Phoenix  
Holiday Inn West, Phoenix  
Homewood Suites, Phoenix  
Hyatt Place Phoenix North, Phoenix  
Proposed Hampton Inn, Phoenix  
Proposed Hotel Palomar, Phoenix  
Proposed Hotel Site, Phoenix  
Radisson, Phoenix  
Holiday Inn Express, Prescott  
Hilton Resort, Scottsdale  
Proposed Fairfield Suites by Marriott, Scottsdale

TownePlace Suites by Marriott, Scottsdale  
L'Auberge de Sedona, Sedona  
Hampton Inn, Sedona  
Proposed Residence Inn, Tempe  
Wyndham Buttes Resort, Tempe  
Embassy Suites Airport, Tucson  
Sheraton El Conquistador, Tucson  
Proposed Comfort Suites, Tucson  
Ramada Palo Verde, Tucson  
Residence Inn by Marriott, Tucson

#### ARKANSAS

Four Points by Sheraton, Bakersfield  
Courtyard by Marriott, Bentonville  
Fairfield Inn, Little Rock  
Residence Inn by Marriott, Little Rock  
Proposed Marriott, West Little Rock

#### CALIFORNIA

Sheraton Disneyland, Anaheim  
Embassy Suites, Arcadia  
Proposed Hilton Garden, Arcadia  
Proposed SpringHill Suites by Marriott, Arcadia  
Claremont Resort & Spa, Berkeley  
Radisson Hotel, Brisbane  
Hampton Inn & Suites, Camarillo  
Proposed Residence Inn by Marriott, Carlsbad  
Proposed Courtyard by Marriott, Carlsbad  
Courtyard by Marriott, Century City  
Hardage Hotel, Emeryville  
Courtyard by Marriott, Fresno  
Piccadilly Airport Hotel, Fresno  
Hampton Inn, Goleta  
Holiday Inn Express, Hesperia  
Clarion Roosevelt, Hollywood  
La Quinta Resort & Club, La Quinta  
Courtyard by Marriott, Livermore  
Hotel D'Orsay, Long Beach  
Four Points LAX, Los Angeles  
Marriott LAX, Los Angeles  
The Standard Hotel, Los Angeles

Beverly Heritage Hotel, Milpitas  
Sheraton Hotel, Milpitas  
DoubleTree Hotel, Mission Valley  
Courtyard, Modesto  
Silverado Resort, Napa  
Courtyard by Marriott, Oyster Point  
Residence Inn by Marriott, Oyster Point  
Holiday Inn Express, Palm Desert  
Renaissance Hotel, Palm Springs  
Four Points by Sheraton, Pleasanton  
Sierra Suites, Pleasanton  
Summerfield Suites by Wyndham, Pleasanton  
Wyndham Garden, Pleasanton  
Hampton Inn & Suites, Poway  
Homewood Suites, Rancho Cucamonga  
Holiday Inn, Riverside  
DoubleTree, Sacramento  
Residence Inn by Marriott, Sacramento  
Proposed Hotel, San Bernadino  
DoubleTree, San Diego  
Hardage Hotel, San Diego  
Hilton Harbor Island, San Diego  
Holiday Inn Mission Valley Stadium, San Diego  
Westin, San Diego  
Wyndham Emerald Plaza, San Diego  
Hilton Fisherman's Wharf, San Francisco  
Holiday Inn Express Fisherman's Wharf, San Francisco  
Hotel Rex, San Francisco  
Courtyard by Marriott, San Luis Obispo  
Courtyard, Santa Rosa  
Radisson Valley Center Hotel, Sherman Oaks  
Sonoma Valley Inn, Sonoma  
Four Points SFO, South San Francisco  
Maple Tree Inn, Sunnyvale  
Sheraton, Sunnyvale  
Holiday Inn Express, Temecula  
Courtyard by Marriott, Thousand Oaks  
TownePlace Suites by Marriott, Thousand Oaks  
Residence Inn by Marriott, Torrance



Courtyard, Vacaville  
Holiday Inn, Ventura  
Ventura Beach Marriott, Ventura  
Wyndham Bel Age, West Hollywood  
Marriott Warner Center, Woodland Hills

#### COLORADO

Denver Marriott, Aurora  
DoubleTree Denver Southeast, Aurora  
Hilton Garden Inn DIA, Aurora  
Proposed Residence Inn Gateway Park, Aurora  
Proposed Woolley Classic Suites, Aurora  
Sleep Inn, Aurora  
Suburban Lodge, Aurora  
Hyatt Regency Beaver Creek, Avon  
Proposed Hotel, Avon  
Proposed Timeshare, Avon  
Ritz-Carlton Bachelor Gulch, Avon  
Proposed TBD Hotel, Basalt  
Alps Boulder Canyon Inn, Boulder  
Clarion Harvest House, Boulder  
Proposed Hotel  
Renovation/Expansion, Boulder  
Proposed Marriott, Boulder  
Proposed St. Julien Hotel, Boulder  
aloft Arista, Broomfield  
Interlocken Club & Spa, Broomfield  
Omni Interlocken Resort, Broomfield  
Proposed Interlocken Resort, Broomfield  
Proposed NYLO, Broomfield  
Proposed Summerfield Suites, Broomfield  
Proposed aloft, Broomfield  
Proposed Holiday Inn, Clifton  
Academy Hotel, Colorado Springs  
Best Western Academy, Colorado Springs  
DoubleTree, Colorado Springs  
Embassy Suites, Colorado Springs  
Hampton Inn, Colorado Springs  
Holiday Inn Express, Colorado Springs  
Homewood Suites, Colorado Springs  
Proposed Brighton Gardens, Colorado Springs  
Proposed Homewood Suites by Hilton, Colorado Springs  
Proposed Hotel, Colorado Springs  
Proposed Mining Exchange Hotel, Colorado Springs  
Holiday Inn, Craig  
Grande Butte Hotel, Crested Butte  
Irwin Mountain Lodge, Crested Butte  
MountainLair Hotel, Crested Butte  
Sheraton Hotel, Crested Butte  
Imperial Hotel & Casino, Cripple Creek  
Colorado Athletic Club Downtown, Denver  
Colorado Athletic Club Leetsdale, Denver  
Courtyard by Marriott, Denver  
Embassy Suites, Denver  
Four Points by Sheraton, Denver  
Hampton Inn, Denver  
Hampton Inn DIA, Denver  
Hampton Inn & Suites, Denver  
Hilton DTC, Denver  
Hilton Garden Inn Downtown, Denver  
Holiday Inn Central, Denver  
Holiday Inn Express, Denver  
International Airport  
JW Marriott, Denver  
Proposed Best Western Plus Gateway Park, Denver  
Proposed Boutique Hotel – Sloan Lake, Denver  
Proposed Denver Athletic Club Hotel, Denver  
Proposed Executive Tower Hotel, Denver  
Proposed Full-Service Hotel, Denver  
Proposed Hilton Garden Inn, Denver  
Proposed Hotel at DU, Denver  
Proposed JW Marriott Hotel, Denver  
Proposed Limited-Service DTC Hotel, Denver  
Proposed Metro State Hotel, Denver  
Proposed Residence Inn by Marriott, Denver  
Ritz-Carlton Downtown, Denver  
Wyndham DTC, Denver  
Days Inn, Denver International Airport  
Ramada Limited, Denver International Airport  
Proposed Sheraton, Denver International Airport  
Proposed Jackson Creek Ranch, Douglas County  
Holiday Inn & Suites, Durango  
Proposed Holiday Inn, Durango  
24 Hour Fitness, Englewood  
Colorado Athletic Club Inverness, Englewood  
Proposed Courtyard by Marriott, Englewood  
Proposed Residence Inn by Marriott, Englewood  
Sheraton Denver Tech Center, Englewood  
Summerfield Suites by Wyndham, Englewood  
The Stanley Hotel, Estes Park  
Courtyard by Marriott, Fort Collins  
Marriott, Fort Collins  
Residence Inn by Marriott, Fort Collins  
Holiday Inn, Frisco  
Hampton Inn & Suites, Glendale  
Staybridge Suites, Glendale  
Courtyard by Marriott, Glenwood Springs  
Residence Inn by Marriott, Glenwood Springs  
Fairfield Inn/AmericInn, Golden  
Golden Hotel, Golden  
Hampton Inn, Golden  
Proposed Holiday Inn Express, Golden  
Ramada Inn Denver West, Golden  
Proposed Residence Inn by Marriott, Golden  
Proposed Courtyard by Marriott, Golden  
Table Mountain Inn, Golden  
Adams Mark, Grand Junction  
Comfort Inn, Grand Junction  
Hilton Hotel, Grand Junction  
Proposed Candlewood Suites, Grand Junction



Proposed Courtyard by Marriott,  
Grand Junction  
Proposed Hampton Inn, Grand  
Junction  
Proposed Holiday Inn, Grand Junction  
Proposed Residence Inn by Marriott,  
Grand Junction  
Proposed Hotel, Grand Junction  
Colorado Athletic Club DTC,  
Greenwood Village  
Greenwood Athletic Club, Greenwood  
Village  
AmericInn, Lakewood  
Hampton Inn, Lakewood  
Proposed Brighton Gardens,  
Lakewood  
Sheraton Denver West, Lakewood  
Holiday Inn Express, Littleton  
Proposed Hotel, Longmont  
Raintree Plaza, Longmont  
Comfort Inn, Louisville  
Courtyard by Marriott, Louisville  
Proposed Residence Inn by Marriott,  
Louisville  
Hampton Inn, Louisville  
Embassy Suites, Loveland  
Fairfield Inn by Marriott, Loveland  
Rock 'N River Property, Lyons  
Holiday Inn Express, Montrose  
Ramada Limited, Northglenn  
Hampton Inn, Parker  
Marriott Convention Center, Pueblo  
Proposed Hilton Garden Inn, Superior  
Proposed Hotel, Superior  
Proposed Westin, Telluride  
Peaks at Telluride, Telluride  
The Owners Club, Telluride  
Rosewood Resort, Telluride  
Radisson Graystone Castle, Thornton  
Chateau Vail, Vail  
Lodge at Vail, Vail  
Vail Village Inn, Vail  
Proposed Vail Plaza, Vail  
Proposed Four Seasons, Vail  
Proposed Bradford Homesuites,  
Westminster  
Proposed Comfort Suites, Westminster

Proposed SpringHill Suites by  
Marriott, Westminster  
Proposed Westin, Westminster  
Westin Hotel, Westminster

#### CONNECTICUT

Radisson, Enfield  
Holiday Inn, East Hartford  
Courtyard by Marriott, Orange  
DoubleTree Hotel, Windsor Locks

#### DELAWARE

Residence Inn by Marriott, Wilmington

#### DISTRICT OF COLUMBIA

Proposed Embassy Suites  
Proposed Residence Inn - Navy Yards

#### FLORIDA

Boca Athletic Club, Boca Raton  
Fairfield Inn by Marriott, Brandon  
Courtyard by Marriott, Brandon  
Mayfair House, Coconut Grove  
Holiday Inn, Coral Gables  
Hyatt, Coral Gables  
DoubleTree Hotel, Fort Lauderdale  
DoubleTree Guest Suites, Fort  
Lauderdale  
Hampton Inn, Fort Lauderdale  
Marriott Sanibel Harbour Resort, Fort  
Myers  
Sanibel Harbour Resort & Spa, Ft.  
Myers  
Holiday Inn, Fort Pierce  
aloft, Jacksonville  
Hampton Inn, Jacksonville  
Holiday Inn Sunspree, Jacksonville  
Beach  
Proposed aloft, Jacksonville  
Residence Inn by Marriott, Jacksonville  
Westin, Key Largo  
Courtyard by Marriott, Key West  
Holiday Inn, Key West

Super 8, Lantana  
Hilton Walt Disney World, Lake Buena  
Vista  
Sheraton, Maitland  
Holiday Inn, Melbourne  
Doral Golf Resort & Spa, Miami  
DoubleTree Club Hotel, Miami  
Hilton Garden Inn Miami Airport,  
Miami  
Hilton Miami Downtown, Miami  
Homewood Suites Miami Airport,  
Miami  
Proposed Aloft South Beach, Miami  
TownePlace Suites by Marriott, Miami  
Summerfield Suites by Wyndham,  
Miami  
Grand Beach Hotel, Miami Beach  
TownePlace Suites by Marriott, Miami  
Lakes  
Proposed Hilton, Naples  
Proposed Residence Inn by Marriott,  
Naples  
DoubleTree Orlando at SeaWorld,  
Orlando  
Hyatt Place Convention Center,  
Orlando  
Hyatt Place Universal, Orlando  
Residence Inn by Marriott, Orlando  
Radisson Parkway Resort, Orlando  
Holiday Inn Express, Pensacola  
Holiday Inn University Mall, Pensacola  
Hampton Inn, Pensacola  
Sheraton Suites, Plantation  
Hyatt Regency, Sarasota  
SpringHill Suites by Marriott, Sarasota  
Hampton Inn Ybor City, Tampa  
Harbour Island Athletic Club, Tampa  
Crowne Plaza, West Palm Beach  
Residence Inn by Marriott, West Palm  
Beach  
Sheraton, West Palm Beach  
Holiday Inn, Winter Haven

#### GEORGIA

Marriott, Alpharetta  
Residence Inn by Marriott, Alpharetta



Courtyard by Marriott, Atlanta  
Courtyard Vinings, Atlanta  
Crowne Plaza Ravinia, Atlanta  
Days Inn, Atlanta  
DoubleTree Guest Suites, Atlanta  
Georgian Terrace, Atlanta  
Hyatt Place Airport, Atlanta  
Marriott Hotel, Atlanta  
Northeast Athletic Club, Atlanta  
Residence Inn by Marriott, Atlanta  
Ritz-Carlton Downtown, Atlanta  
Sheraton Colony Square, Atlanta  
Westin Perimeter North, Atlanta  
Wyndham Vining Inn, Atlanta  
Days Inn Downtown, Augusta  
Fairfield Inn by Marriott, Augusta  
Holiday Inn Gordon Hwy, Augusta  
Holiday Inn West, Augusta  
Holiday Inn, Brunswick  
Courtyard by Marriott, Buckhead  
Residence Inn by Marriott, Buckhead  
Sierra Suites, Buckhead  
Hampton Inn, Buford  
SpringHill Suites, Buford  
Hilton Garden Inn, Duluth  
Holiday Inn Gwinnett Center, Duluth  
Proposed Holiday Inn Express, Duluth  
Residence Inn by Marriott, Duluth  
Hyatt Place Atlanta Airport, East Point  
Residence Inn by Marriott, Gwinnett  
Holiday Inn, Jekyll Island  
Fairfield Inn, Kennesaw  
SpringHill Suites, Kennesaw  
Emerald Pointe Resort, Lake Lanier Islands  
SpringHill Suites, Lithia Springs  
Comfort Inn, Marietta  
Holiday Inn & Suites, Marietta  
Hyatt Regency, Marietta  
Wyndham Peachtree Center, Peachtree City  
Courtyard by Marriott, Savannah  
Hyatt Regency, Savannah  
Radisson Hotel, Savannah  
Westin, Savannah  
Holiday Inn, Valdosta  
Fairfield Inn by Marriott, Valdosta

Ramada Inn, Warner Robins

#### HAWAII

Fairmont Orchid, Big Island  
Ritz-Carlton Kapalua, Maui  
Royal Hawaiian, Oahu  
Sheraton Moana Surfrider, Oahu  
Sheraton Princess, Oahu

#### IDAHO

DoubleTree Hotel, Boise  
Holiday Inn, Boise  
Red Lion Downtowner, Boise  
Proposed Cambria Suites, Boise  
Red Lion Riverside, Boise  
Shilo Inn, Boise  
SpringHill Suites, Boise  
The Grove Hotel, Boise  
Holiday Inn Express, Coeur d'Alene  
Shilo Inn, Idaho Falls  
Proposed Resort, McCall  
AmericInn, Twin Falls

#### ILLINOIS

Holiday Inn, Arlington Heights  
Sheraton Chicago Northwest, Arlington Heights  
Courtyard by Marriott, Bedford Park  
Fairfield Inn by Marriott, Bedford Park  
Holiday Inn Express, Bedford Park  
Proposed Holiday Inn Select, Bedford Park  
Hampton Inn, Bloomington  
Proposed Hyatt Place, Bloomington  
Proposed JW Marriott, Bloomington  
SpringHill Suites, Burr Ridge  
Crowne Plaza Avenue Hotel & Office Building, Chicago  
Hyatt Printers Row, Chicago  
Proposed Holiday Inn Express, Chicago  
Ritz Carlton, Chicago  
Sheraton Hotel & Towers, Chicago  
Wyndham NW, Chicago  
Holiday Inn, Crystal Lake

DoubleTree Club Hotel, Des Plaines  
Holiday Inn, Downers Grove  
Proposed Staybridge Suites by Holiday Inn, Elgin  
SpringHill Suites, Elmhurst  
Holiday Inn, Glen Ellyn  
DoubleTree Hotel, Glenview  
Fairfield Inn by Marriott, Glenview  
Proposed Hotel, Gurnee  
Hyatt Place, Hoffman Estates  
Holiday Inn, Itasca  
Wyndham NW Chicago, Itasca  
Wyndham, Lisle  
Wyndham Garden, Naperville  
Proposed Hotel, Peoria  
Holiday Inn, Rolling Meadows  
Proposed Radisson Hotel, Schaumburg  
Wyndham Garden, Schaumburg  
DoubleTree Hotel, Skokie  
Proposed Residence Inn, Wilmette  
Wyndham Garden, Wood Dale

#### INDIANA

Holiday Inn, Bloomington  
Proposed Residence Inn by Marriott, Bloomington  
Proposed Staybridge Suites, Carmel  
Residence Inn by Marriott, Fishers  
Courtyard by Marriott Downtown, Fort Wayne  
Hilton, Fort Wayne  
Holiday Inn, Fort Wayne  
Proposed Courtyard, Fort Wayne  
Proposed Hotel, Fort Wayne  
Staybridge Suites by Holiday Inn, Fort Wayne  
French Lick Resort, French Lick  
AmeriSuites, Indianapolis  
Fairfield Inn by Marriott, Indianapolis  
Hampton Inn, Indianapolis  
Residence Inn by Marriott, Indianapolis  
Proposed Hampton Inn, Lawrenceburg  
Residence Inn by Marriott, Merrillville  
Proposed Casino, Paxton  
Knights Inn, Seymour



Proposed Fairfield Inn, South Bend

#### IOWA

Crowne Plaza, Cedar Rapids  
Wildwood Lodge, Clive  
Best Western Metro, Council Bluffs  
Comfort Suites, Des Moines  
Country Inn & Suites, Des Moines  
Savery Hotel, Des Moines  
Sleep Inn, Des Moines  
Four Points, West Des Moines  
Sheraton, Iowa City

#### KANSAS

Holiday Inn, Lawrence  
Proposed Hotel, Lawrence  
Proposed MainStay Suites, Lawrence  
Holiday Inn, Manhattan  
Comfort Suites, Olathe  
AmeriSuites, Overland Park  
Hampton Inn, Overland Park  
Homewood Suites, Overland Park  
AmericInn, Salina  
Holiday Inn, Wichita  
Proposed Hotel – Bowllagio, Wichita  
Proposed Downtown Hotel, Wichita  
Proposed Hotel – Greenwich, Wichita  
Proposed Hotel – Southfork, Wichita

#### KENTUCKY

Courtyard by Marriott, Florence  
Hilton Garden Inn Northeast,  
Louisville  
Holiday Inn, Louisville  
Radisson, Louisville  
Courtyard by Marriott, Paducah  
Super 8, Prestonburg

#### LOUISIANA

Comfort Inn, Baton Rouge  
Fairfield Inn by Marriott, Baton Rouge  
SpringHill Suites by Marriott, Baton  
Rouge

TownePlace Suites by Marriott, Baton  
Rouge

Courtyard by Marriott, Lafayette  
Holiday Inn, Lafayette  
Courtyard by Marriott, Metairie  
Quality Inn, Metairie  
Residence Inn by Marriott, Metairie  
Astor Crowne Plaza, New Orleans  
Bourbon Orleans, New Orleans  
Courtyard Convention Center, New  
Orleans  
Crowne Plaza, New Orleans  
Hyatt Regency, New Orleans  
Maison DuPuy, New Orleans  
Radisson, New Orleans  
SpringHill Suites Convention Center,  
New Orleans

#### MARYLAND

Marriott, Annapolis  
Radisson, Annapolis  
Brookshire Suites, Baltimore  
Proposed Extended-Stay Hotel,  
Baltimore  
Proposed Staybridge Suites, Baltimore  
Wyndham Inner Harbor Hotel,  
Baltimore  
Bel Air Athletic Club, Bel Air  
Holiday Inn, Belmont  
Residence Inn by Marriott, Bethesda  
Hilton, Columbia  
Holiday Inn, Cromwell Bridge  
Holiday Inn, Frederick  
Summerfield Suites by Wyndham,  
Gaithersburg  
Holiday Inn Airport, Linthicum Heights  
DoubleTree, Rockville  
Days Inn, Silver Spring  
Holiday Inn, Silver Spring

#### MASSACHUSETTS

Wyndham, Billerica  
Atlantic Avenue Athletic Club, Boston  
Charles Square Athletic Club, Boston  
Commonwealth Athletic Club, Boston

Courtyard by Marriott, Boston  
Proposed Intercontinental Hotel,  
Boston  
Westin Copley Place, Boston  
Wyndham Hotel, Boston  
Summerfield Suites by Wyndham,  
Burlington  
TownePlace Suites by Marriott,  
Danvers  
Residence Inn by Marriott, Dedham  
Proposed Courtyard by Marriott,  
Natick  
Newton Athletic Club, Newton  
Summerfield Suites by Wyndham,  
Waltham  
Proposed Courtyard by Marriott,  
Woburn  
Crowne Plaza, Worcester

#### MICHIGAN

Proposed TownePlace Suites, Ann  
Arbor  
Residence Inn by Marriott, Ann Arbor  
Fairfield Inn by Marriott, Auburn Hills  
Hilton Suites, Auburn Hills  
Proposed TownePlace Suites, Auburn  
Hills  
Fairfield Inn by Marriott, Canton  
Lifetime Fitness Center, Canton  
Courtyard by Marriott, Dearborn  
Hyatt Regency, Dearborn  
TownePlace Suites by Marriott,  
Dearborn  
DoubleTree Hotel Airport, Detroit  
Courtyard by Marriott, Flint  
Holiday Inn, Flint  
Proposed TownePlace Suites by  
Marriott, Grand Rapids  
Holiday Inn West, Lansing  
Proposed TownePlace Suites by  
Marriott, Livonia  
TownePlace Suites by Marriott,  
Livonia  
Fairfield Inn by Marriott, Madison  
Heights  
Hampton Inn, Northville





Wyndham Garden, Novi  
Quality Inn, Plymouth  
Proposed Marriott, Pontiac  
Lifetime Fitness Center, Rochester  
Hills  
Fairfield Inn by Marriott, Romulus  
Proposed Hilton Garden Inn, Romulus  
Courtyard by Marriott, Southfield  
Holiday Inn, Southfield  
Proposed TownePlace Suites, Sterling  
Heights  
Comfort Inn, Traverse City  
Courtyard by Marriott, Troy  
Drury Inn, Troy  
Hilton Inn Northfield, Troy  
Courtyard by Marriott, Warren  
Fairfield Inn by Marriott, Warren

#### MINNESOTA

Holiday Inn, Arden Hills  
Proposed Country Inn, Bemidji  
Cambria Suites, Bloomington  
Crowne Plaza, Bloomington  
Hampton Inn & Suites, Bloomington  
Holiday Inn, Bloomington  
Holiday Inn Express, Bloomington  
Le Bourget Aero Suites (conversion to  
Holiday Inn Express), Bloomington  
Northwest Athletic Club 98<sup>th</sup> Street,  
Bloomington  
Northwest Athletic Club Normandale,  
Bloomington  
Proposed Courtyard by Marriott,  
Bloomington  
Proposed Full-Service Hotel,  
Bloomington  
Proposed Hampton Inn & Suites,  
Bloomington  
Proposed Hyatt, Bloomington  
Proposed JW Marriott, Bloomington  
Proposed MOA Hotel, Bloomington  
Proposed Radisson Blu, Bloomington  
Proposed Residence Inn by Marriott,  
Bloomington  
Ramada Mall of America, Bloomington  
Renaissance Hotel, Bloomington

Wyndham Garden, Bloomington  
Northwest Athletic Club Highway 100,  
Brooklyn Center  
Cragun's Resort, Brainerd  
Northland Inn, Brooklyn Park  
Northwest Athletic Club Burnsville,  
Burnsville  
Holiday Inn, Duluth  
Proposed Cambria Suites, Duluth  
Proposed GrandStay Hotel & Suites,  
Duluth  
Proposed Mixed-Use Development,  
Duluth  
Proposed Hotel, Eagan  
Residence Inn by Marriott, Eagan  
Hilton Garden Inn, Eden Prairie  
Northwest Athletic Club Crosstown,  
Eden Prairie  
Flagship Athletic Club, Eden Prairie  
Proposed TownePlace Suites by  
Marriott, Eden Prairie  
Hawthorn Suites, Edina  
Northwest Athletic Club Midwest,  
Edina  
Northwest Athletic Club St. Louis Park,  
Edina  
Westin, Edina  
Northwest Athletic Club Moore Lake,  
Fridley  
Proposed Microtel, Hastings  
Northwest Athletic Club Maple Grove,  
Maple Grove  
Proposed Hilton Garden Inn, Maple  
Grove  
Proposed Staybridge Suites by  
Marriott, Maple Grove  
Comfort Suites, Minneapolis  
Days Inn University of MN,  
Minneapolis  
Homewood Suites Mall of America,  
Minneapolis  
Hotel Ivy, Minneapolis  
Hotel Minneapolis, Minneapolis  
Hyatt Place, Minneapolis  
Northwest Athletic Club Arena,  
Minneapolis

Proposed Courtyard by Marriott,  
Minneapolis  
Proposed Extended-Stay Hotel,  
Minneapolis  
Proposed Full-Service Hotel,  
Minneapolis  
Proposed Hampton Inn, Minneapolis  
Proposed Hotel at MSP, Minneapolis  
Proposed Hyatt Place (conversion),  
Minneapolis  
Proposed Minneapolis Stadium Hotel,  
Minneapolis  
Proposed TownePlace Suites,  
Minneapolis  
Proposed Westin, Minneapolis  
Radisson Metrodome, Minneapolis  
The Grand Hotel, Minneapolis  
The Marquette Hotel, Minneapolis  
Hampton Inn, Minnetonka  
Holiday Inn Express, Minnetonka  
Northwest Athletic Club Oakdale,  
Minnetonka  
Proposed Hilton Garden, Oakdale  
Extended StayAmerica North,  
Rochester  
Extended StayAmerica South,  
Rochester  
Proposed Cambria Suites, Rochester  
Proposed Embassy Suites, Rochester  
Proposed Hotel, Rochester  
Comfort Inn, Roseville  
Proposed Residence Inn by Marriott,  
Roseville  
Holiday Inn West, St. Louis Park  
Proposed Extended-Stay Hotel, St.  
Louis Park  
Proposed Hilton Garden Inn, St. Louis  
Park  
Proposed Hotel, St. Louis Park  
Holiday Inn, St. Paul  
Proposed Hotel, Wabasha  
Proposed Limited-Service Hotel,  
Willmar  
Sheraton, Woodbury

#### MISSISSIPPI



Hampton Inn, Harrisburg  
Comfort Inn, Hattiesburg  
Courtyard by Marriott, Jackson  
Holiday Inn Express, Jackson  
Proposed Conference Resort,  
Jackson  
Ramada, McComb  
Holiday Inn Express, Milford  
Homewood Suites, Ridgeland  
Staybridge Suites, Ridgeland

#### MISSOURI

Branson Landing Hilton, Branson  
Sheraton, Clayton  
Hampton Inn, Kansas City  
Proposed Residence Inn by Marriott,  
Kansas City  
Residence Inn by Marriott, Kansas City  
Country Club Hotel & Spa, Lake Ozark  
Big Cedar Lodge, Ridgedale  
Comfort Inn, St. Louis  
Holiday Inn North, St. Louis  
Radisson Hotel, St. Louis

#### MONTANA

Proposed TownePlace Suites by  
Marriott, Billings  
Best Western Butte Plaza Inn, Butte  
Proposed Holiday Inn Express,  
Glendive  
Proposed Holiday Inn Express, Great  
Falls  
Holiday Inn Express, Helena  
Proposed Holiday Inn Express, Helena  
Wingate Inn, Helena  
Proposed Homewood Suites, Kalispell  
Proposed Hotel, Missoula  
Proposed TownePlace Suites, Missoula  
Proposed Best Western, Shelby  
Proposed Best Western, Sidney  
Richland Motor Inn, Sidney  
Proposed Hotel, Whitefish

#### NEBRASKA

Proposed Hotel, Ashland  
Proposed Hotel, Beatrice  
Hampton Inn, Lincoln  
Courtyard by Marriott, La Vista  
Proposed Hotel, Lincoln  
Best Western Central, Omaha  
DoubleTree, Omaha  
Hampton Inn, Omaha  
Marriott Hotel, Omaha  
Ramada Inn, Omaha  
Sheraton Inn, Omaha  
Proposed Hotel, Waverly

#### NEVADA

Candlewood Suites, Henderson  
Hampton Inn & Holiday Inn Express,  
Henderson  
Proposed Holiday Inn Express,  
Henderson  
Proposed Timeshare Resort, Lake  
Tahoe  
Alexis Park Suites, Las Vegas  
Courtyard by Marriott, Las Vegas  
Embassy Suites, Las Vegas  
Marriott Suites, Las Vegas  
Proposed Hotel, Las Vegas  
SpringHill Suites, Las Vegas

#### NEW HAMPSHIRE

Fairfield Inn by Marriott, Merrimack

#### NEW JERSEY

Trump Marina Hotel & Casino, Atlantic  
City  
Summerfield Suites by Wyndham,  
Bridgewater  
Courtyard by Marriott, Edison  
Leisure Park Retirement Community,  
Lakewood  
Summerfield Suites by Wyndham,  
Morristown  
Hilton Gateway Plaza, Newark  
Hilton, Parsippany  
Residence Inn by Marriott, Princeton

Courtyard by Marriott, Secaucus  
DoubleTree, Somerset  
Residence Inn by Marriott, Tinton Falls  
Summerfield Suites by Wyndham,  
Whippany

#### NEW MEXICO

Andaluz, Albuquerque  
Del Norte Athletic Club, Albuquerque  
Downtown Athletic Club, Albuquerque  
Hilton Garden Inn Uptown,  
Albuquerque  
Highpoint Athletic Club, Albuquerque  
Holiday Inn Express, Albuquerque  
Hotel Albuquerque, Albuquerque  
La Posada, Albuquerque  
Midtown Athletic Club, Albuquerque  
Proposed Hilton Garden Inn,  
Albuquerque  
Proposed Hotel Indigo, Albuquerque  
Proposed Residence Inn, Albuquerque  
Proposed SpringHill Suites,  
Albuquerque  
Riverpoint Athletic Club, Albuquerque  
Suburban Lodge, Albuquerque  
Holiday Inn Express, Farmington  
Hilton Garden Inn, Las Cruces  
Proposed Resort, Pojoaque  
Hilton Garden Inn, Rio Rancho  
Courtyard by Marriott, Santa Fe  
Eldorado Hotel, Santa Fe  
Encantado Resort, Santa Fe  
Hilton, Santa Fe  
Holiday Inn, Santa Fe  
Hotel Chimayo, Santa Fe  
Proposed Hotel, Santa Fe

#### NEW YORK

Crowne Plaza, Albany  
Omni Hotel, Albany  
Proposed Hilton Garden Inn, Buffalo  
Holiday Inn Express, Cooperstown  
Residence Inn by Marriott, Fishkill  
Hyatt Place, Garden City  
Holiday Inn, Grand Island



Holiday Inn, Jamestown  
Sofitel, New York  
Four Points, Niagara Falls  
Holiday Inn Select, Niagara Falls  
Proposed Hotel, Niagara Falls  
Embassy Suites, Syracuse  
Fairfield Inn by Marriott, Syracuse  
Holiday Inn, Syracuse  
Wyndham Hotel, Syracuse

#### **NORTH CAROLINA**

Sleep Inn & Suites, Albemarle  
DoubleTree Biltmore, Asheville  
Renaissance, Asheville  
Hilton Garden Inn Ayrslley, Charlotte  
Homewood Suites, Charlotte  
Residence Inn by Marriott, Charlotte  
Westin Hotel, Charlotte  
Proposed Select-Service Hotel,  
Charlotte  
Holiday Inn Express, Clemmons  
Hilton Garden Inn, Concord  
Proposed 21c Hotel, Durham  
Proposed Hotel, Durham  
Holiday Inn, Fayetteville  
Radisson Inn, Greensboro  
Holiday Inn Express, Henderson  
Days Inn RPT, Raleigh  
Holiday Inn, Raleigh  
Proposed Hotel, Raleigh  
Renaissance Hotel, Raleigh  
Fairfield Inn by Marriott, Rocky Mount

#### **NORTH DAKOTA**

Proposed University Hotel, Bismarck  
Holiday Inn, Fargo  
Proposed Limited-Service Hotel, Fargo  
Proposed Wingate Inn, Fargo  
Hyatt House, Minot  
North Hills Suites Conversion to Hyatt  
House, Minot  
Proposed Extended-Stay Hotel, Minot  
Proposed Limited-Service Hotel, Minot  
Proposed Hotel(s), Williston  
Supply Update, Williston

#### **OHIO**

Fairfield Inn by Marriott, Akron  
Proposed Hilton, Chippewa Lake  
Radisson, Cincinnati  
Courtyard by Marriott, Cleveland  
Holiday Inn Beachwood, Cleveland  
Holiday Inn Westlake, Cleveland  
Marriott East, Cleveland  
Marriott North, Cleveland  
Radisson, Cleveland  
AmeriSuites, Columbus  
Courtyard Easton, Columbus  
DoubleTree Guest Suites, Columbus  
Hilton Easton, Columbus  
Hilton Polaris, Columbus  
Westin, Columbus  
DoubleTree Guest Suites, Dayton  
AmeriSuites, Forest Park  
Harley Hotel, Independence  
Comfort Inn, Marietta  
Harley Hotel, Middleburg Heights  
Holiday Inn, Richfield  
Homewood Suites, Sharonville  
Holiday Inn, Strongsville  
Ramada Hotel, Willoughby

#### **OKLAHOMA**

Hampton Inn, Oklahoma City  
Park Inn, Oklahoma City  
Proposed Boutique Hotel, Oklahoma  
City  
Westin, Oklahoma City  
Courtyard by Marriott, Tulsa  
Hampton Inn, Tulsa

#### **OREGON**

Windmill Inn, Ashland  
Best Western Pier Point Inn, Florence  
Residence Inn by Marriott, Lake  
Oswego  
Proposed Candlewood Suites, Medford  
Windmill Inn, Medford  
DoubleTree Downtown, Portland

DoubleTree Lloyd Center, Portland  
Marriott, Portland  
Residence Inn by Marriott, Portland  
Windmill Inn, Roseburg  
DoubleTree, Springfield  
Holiday Inn, Wilsonville

#### **PENNSYLVANIA**

Hilton Garden Inn, Fort Washington  
Holiday Inn, Greentree  
Crowne Plaza, Harrisburg  
Proposed Hotel - King of Prussia Mall,  
King of Prussia  
Four Points by Sheraton, Mars  
Holiday Inn, McKnight  
Holiday Inn, Monroeville  
DoubleTree, Moon Township  
DoubleTree Club, Philadelphia  
Proposed Ritz-Carlton, Philadelphia  
Proposed Sofitel, Philadelphia  
Residence Inn by Marriott,  
Philadelphia  
Sofitel, Philadelphia  
Wyndham Franklin Plaza, Philadelphia  
Crowne Plaza, Pittsburgh  
Holiday Inn, Pittsburgh  
Holiday Inn Parkway East, Pittsburgh  
Windsor Court Hotel Conversion,  
Pittsburgh  
Wyndham, Pittsburgh  
DoubleTree Guest Suites, Plymouth  
Meeting  
Nittany Lion, State College  
Penn Stater, State College  
Holiday Inn Meadowlands,  
Washington Park  
Holiday Inn, York

#### **RHODE ISLAND**

Residence Inn by Marriott, Warwick  
Proposed NYLO Hotel, Warwick

#### **SOUTH CAROLINA**

Best Western, Charleston



Clarion, Charleston  
Lodge Alley, Charleston  
Holiday Inn, Columbia  
Hilton Garden Inn, Greenville  
Best Western, Hilton Head  
Holiday Inn, Hilton Head  
Hampton Inn Oceanside, Myrtle Beach  
Holiday Inn Sunspree, Myrtle Beach  
Shorecrest II, Myrtle Beach  
Holiday Inn, Rock Hill

#### **SOUTH DAKOTA**

Proposed GrandStay Suites, Aberdeen  
Proposed TownePlace Suites,  
Aberdeen  
TownePlace Suites by Marriott,  
Aberdeen  
Courtyard by Marriott, Sioux Falls  
SpringHill Suites, Sioux Falls

#### **TENNESSEE**

Courtyard by Marriott, Clarksville  
Fairfield Inn by Marriott, Chattanooga  
Courtyard by Marriott, Germantown  
Fairfield Inn by Marriott, Jackson  
Hampton Inn & Suites East, Knoxville  
Proposed Convention Hotel, Knoxville  
Proposed Courtyard by Marriott,  
Knoxville  
Adams Mark, Memphis  
AmeriSuites, Memphis  
Courtyard by Marriott, Memphis  
French Quarter Hotel, Memphis  
Hampton Inn, Memphis  
Ramada Inn, Memphis  
Country Inn, Murfreesboro  
Proposed SpringHill/Residence Inn,  
Nashville  
Renaissance Hotel, Nashville  
SpringHill Suites by Marriott, Nashville  
Hampton Inn, Pigeon Forge  
Hampton Inn, Smyrna  
Hilton Garden Inn, Smyrna

#### **TEXAS**

Courtyard by Marriott, Abilene  
Comfort Inn, Amarillo  
Crowne Plaza, Amarillo  
Days Inn, Amarillo  
Holiday Inn Express, Amarillo  
Courtyard by Marriott South Arlington,  
Arlington  
Residence Inn South Arlington,  
Arlington  
Courtyard by Marriott, Austin  
Fairfield Inn & Suites North, Austin  
Hawthorn Suites Central, Austin  
Hawthorn Suites South, Austin  
Hilton Garden Inn, Austin  
Holiday Inn, Austin  
Holiday Inn NW, Austin  
Holiday Inn South, Austin  
Proposed Courtyard by Marriott,  
Austin  
Sheraton, Austin  
Proposed Spillman Ranch, Bee Cave  
Courtyard by Marriott, Corpus Christi  
DoubleTree Campbell Center, Dallas  
Holiday Inn Market Center, Dallas  
Le Meridien, Dallas  
Proposed Boutique Hotel, Dallas  
Proposed NYLO, Dallas  
Residence Inn by Marriott, Dallas  
Holiday Inn Select, D/FW Airport  
Hyatt D/FW Airport  
Courtyard by Marriott, El Paso  
Hilton Garden Inn, Fort Worth  
Residence Inn by Marriott, Fort Worth  
TownePlace Suites by Marriott, Fort  
Worth  
Proposed NYLO Hotel, Frisco  
Proposed Resort, Horseshoe Bay  
Crowne Plaza, Houston  
Hampton Inn, Houston  
Hawthorn Suites, Houston  
Hilton Garden Inn Galleria, Houston  
Hotel Icon, Houston  
Kingwood Athletic Club, Houston  
Magnolia Hotel, Houston  
Ramada Plaza, Houston  
Westin Galleria, Houston

Westin Oaks, Houston  
Hawthorn Suites, Irving  
Holiday Inn Express, Irving  
Hyatt Place, Irving  
Marriott DFW Airport, Irving  
Proposed Convention Hotel, Irving  
Hawthorn Suites, Killeen  
Residence Inn, Killeen  
Hampton Inn, Laredo  
Proposed NYLO, Las Colinas  
Proposed Campus Hotel, Lubbock  
Embassy Suites, McAllen  
Proposed Hotel, McKinney  
Holiday Inn, New Braunfels  
Best Western, Odessa  
Proposed NYLO, Plano  
Courtyard by Marriott, Richardson  
Hampton Inn, Richardson  
Proposed Hotel, Riviera  
DoubleTree, San Antonio  
Homewood Suites, San Antonio  
JW Marriott Hill Country, San Antonio  
Marriott Plaza, San Antonio  
Proposed aloft, San Antonio  
Residence Inn by Marriott Airport, San  
Antonio  
Staybridge Suites, Stafford  
Marriott Hotel & Conference Center,  
Sugar Land  
Residence Inn, Temple  
Holiday Inn, Tyler  
Residence Inn by Marriott, Tyler  
Courtyard by Marriott, Waco

#### **UTAH**

Crystal Inn, Brigham City  
Residence Inn by Marriott,  
Cottonwood  
Suburban Lodge, Midvale  
Brookfield Inn, Park City  
Chateaux at Silver Lake, Park City  
Olympia Park, Park City  
Park City Peaks, Park City  
The Lodges at Deer Valley, Park City  
Comfort Inn Airport, Salt Lake City  
Crystal Inn, Salt Lake City



Embassy Suites, Salt Lake City  
Hilton Airport, Salt Lake City  
Hilton Downtown, Salt Lake City  
Holiday Inn Express, Salt Lake City  
Peery Hotel, Salt Lake City  
Proposed Comfort Suites, Salt Lake City  
Proposed Courtyard by Marriott, Salt Lake City  
Proposed Embassy Suites, Salt Lake City  
Proposed Hilton Garden Inn, Salt Lake City  
Proposed Residence Inn by Marriott, Salt Lake City  
Quality Inn, Salt Lake City  
Quality Inn Midvalley, Salt Lake City  
Residence Inn by Marriott, Salt Lake City  
Residence Inn City Center, Salt Lake City  
University Park, Salt Lake City  
Holiday Inn Express & Suites, Sandy  
Proposed Embassy Suites, Sandy  
Suburban Lodge, S. Salt Lake City  
Proposed Cambria Suites, S. Jordan  
Bottle Hollow Resort, Uintah

#### VERMONT

Fairfield Inn by Marriott, Colchester

#### VIRGINIA

Hilton Garden Inn, Chesapeake  
Super 8, Christiansburg  
Holiday Inn, Covington  
AmeriSuites, Glen Allen  
Super 8, Harrisonburg  
Holiday Inn, Lexington  
Super 8, Lexington  
Courtyard by Marriott, McLean  
Proposed Tysons Corner Hotel, McLean  
Staybridge Suites by Holiday Inn, McLean  
Super 8, Norton

Super 8, Radford  
Embassy Suites, Richmond  
Westin, Richmond  
Proposed MainStay Suites, Roanoke  
Sheraton Airport, Roanoke  
Super 8, Roanoke  
Holiday Inn, Salem  
Country Inn, Stafford  
Super 8, Waynesboro

#### WASHINGTON

DoubleTree Bellevue Center, Bellevue  
SpringHill Suites by Marriott, Bothell  
Proposed Holiday Inn Express, Lacey  
Proposed Mt. Rainer Resort, Park Junction  
Summerfield Suites by Wyndham, Seattle  
DoubleTree Spokane Valley, Spokane  
Residence Inn by Marriott, Vancouver  
SpringHill Suites, Wenatchee  
DoubleTree, Yakima

#### WEST VIRGINIA

Aspen Suites (Holiday Inn Express Conversion), Charleston  
Residence Inn by Marriott, Charleston  
Hampton Inn, Morgantown

#### WISCONSIN

Proposed Country Inn, Brookfield  
Wyndham Garden, Brookfield  
Telemark Resort, Cable  
Ramada Hotel and Conference Center, Eau Claire  
Proposed Hilton Garden, Kimberly  
Proposed Courtyard by Marriott, Madison  
Proposed Marriott, Milwaukee  
Proposed Residence Inn by Marriott, Milwaukee  
Comfort Suites, Pewaukee  
Proposed Hotel, Verona  
Holiday Inn, Wauwatosa

#### WYOMING

Holiday Inn, Casper  
Snake River Lodge, Jackson  
Proposed Resort, Teton Village

#### INTERNATIONAL

##### Canada

Horseshoe Valley Ski Resort, Barrie, Ontario  
Hilton, Windsor, Ontario  
Travelodge, Windsor, Ontario  
Hampton Inn & Suites, Ontario

##### Caribbean

Aruba Marriott & Casino, Aruba  
Americana Resort, Aruba  
Westin, Aruba  
Holiday Inn Nassau, Bahamas  
Paradise Island Fun Club, Bahamas  
Little Dix Bay, Virgin Gorda, BVI  
Club St. Lucia, Castries, British West Indies  
Marriott Resort, Grand Cayman, British West Indies  
Ritz Carlton San Juan, Puerto Rico  
Sands Hotel & Casino, Puerto Rico  
Wyndham El San Juan, Puerto Rico  
Hyatt Regency St. John, USVI  
Proposed Limited-Service Hotel, St. John USVI  
Westin Resort, St. John, USVI  
Caneel Bay, St. John, USVI  
Marriott Frenchman's Reef and Morningstar Resort, St. Thomas, USVI

##### Mexico

Royal Sands, Cancun

## Exhibit D

Loan commitment is in process and awaiting appraisal to be finalized by the middle of April.

Currently in negotiations with a few different equity partners & capital structure approaches. Negotiations to be finalized by the end of April and selection of best method to proceed.